DEKPOL S.A.
CONSOLIDATED FINANCIAL STATEMENT

PREPARED IN ACCORDANCE WITH INTERNATIONAL REPORTING STANDARDS
FOR THE PERIOD 01ST OF JANUARY 2018 TILL 31ST OF DECEMBER 2018

Pinczyn, 30TH OF APRIL 2019

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Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

SELECTED FINANCIAL DATA

Selected consolidated financial data	thousand PLN		thousand EUR	
	01.01.2018-31.12.2018	01.01.2017-31.12.2017	01.01.2018-31.12.2018	01.01.2017-31.12.2017
I. Net revenue from sales of products, goods, and materials	837 034	578 992	196 169	136 404
II. Profit (loss) on operating activity	52 253	47 083	12 246	11 092
III. Profit (loss) before tax	45 217	41 276	10 597	9 724
IV. Net profit (loss)	33 932	32 979	7 952	7 769
V. Earnings (loss) per ordinary share (in PLN / EUR)	4,06	3,94	0,95	0,93
VI. Net cash flows from operating activity	(67 577)	35 137	(15 837)	8 278
VII. Net cash flows from investment activity	(18 439)	(32 764)	(4 321)	(7 719)
VIII. Net cash flows from financial activity	90 450	(6 468)	21 198	(1 524)
IX. Total net cash flows	4 434	(4 094)	1 039	(964)

	31.12.2018	31.12.2017	31.12.2018	31.12.2017
X. Total assets	900 817	582 666	209 492	139 698
XI. Liabilities and provisions for liabilities	709 292	415 222	164 952	99 552
XII. Long-term liabilities	258 515	108 276	60 120	25 960
XIII. Short-term liabilities	450 777	306 946	104 832	73 592
XIV. Equity	191 525	167 443	44 541	40 146
XV. Share capital	8 363	8 363	1 945	2 005
XVI. Number of shares at the end of the period	8 362 549	8 362 549	8 362 549	8 362 549
XVII. Book value per share (in PLN / EUR)	23	20	5	5

The above financial data for 2018 and the corresponding period of 2017 have been converted into EUR according to the following rules:

- individual items of assets and liabilities - at the average exchange rate announced on the day:

- 31st of December 2018 – 4,3000 PLN / EUR
- 31st of December 2017 – 4,1709 PLN / EUR

- individual items of the profit and loss account and cash flow statement - according to the exchange rate being the arithmetic mean of average exchange rates set by the National Bank of Poland on the last day of each month of the financial period:

- from 1st of January till 31st of December 2018 – 4,2669 PLN / EUR,
- from 1st of January till 31st of December 2017 – 4,2447 PLN / EUR.

INTRODUCTION TO THE FINANCIAL REPORT

GENERAL INFORMATION

Name and location of the reporting entity (parent company):

DEKPOL S.A.

Ul. Gajowa 31, 83-251 Pinczyn

Registration Court, register number:

District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register under ID (KRS) number 0000505979

The main shareholder of the Company (77,13% of share capital) is Mr. Mariusz Tuchlin, who came into the possession of shares of the DEKPOL Company on 18th of December 2006, as a result of the transformation of legal form (led by him since 1993) of the business (previously under the name Productive-Service Plant "DEKPOL" - Mariusz Tuchlin) in a limited liability company.

Dekpol S.A headquartered in Pinczyn has been created by the conversion of a limited liability company into a joint stock company in accordance with the resolution of the Extraordinary General Meeting of Shareholders Dekpol Sp. o.o. from 1st of April 2014, minuted within Notarial Deed by a notary Janina Ciechanowska at the Notary Office in Starogard Gdanski, Repertory A Number 3829/2014.

Transformed Company was entered into the National Court Register kept by the District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register, under ID number 505979. The company was registered on 11th of April 2014.

The Company has a tax identification number (TIN) 592-21-37-980 and REGON number 220341682.

Since 8th of January 2015 the Company's shares are listed on the Stock Exchange in Warsaw.

Duration of the Company:

The period of the Company's operations is indefinite.

The principal activities:

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The principal activities of the Company are as follows:

Name	PKD
Manufacture of machinery for mining, quarrying and construction	PKD - 28.92.Z
Realization of building projects related to erection of buildings	PKD-41.1
Building works related to erection of residential and non-residential buildings	PKD-41.20
RWorks related to construction of other civil engineering projects not elsewhere classifiedj	PKD-42.9
Buying and selling of own real estate	PKD-68.10.Z
Rental and operating of own or leased real estate	PKD-68.20.Z
Retail sale of fuel for motor vehicles in fuel stations	PKD - 47.30.Z
Operation of gravel and sand pits; mining of clays and kaolin	PKD – 08.12.Z
Manufacture of metal structures and parts of structures	PKD – 25.11.Z

Presented reporting periods:

The financial statements is presented for the period from 1st of January 2018 to 31st of December 2018. The comparative financial data is presented for the period from 1st of January 2017 to 31st of December 2017.

1. Composition of the Issuer's management board and supervisory board

The Issuer's Management Board is composed of one or more Members. The Supervisory Board entrusts one of the Members of the Management Board with the function of the President of the Management Board. Other Members of the Management Board may be entrusted with the function of Vice Presidents of the Management Board. The term of office of the Members of the Management Board is 5 (five) years and is not joint.

Composition of the Management Board of Dekpol S.A. as at the date of publication of this report:

Name and surname	Function
Mariusz Tuchlin	President of Management Board
Michał Skowron	Vice President of Management Board
Andrzej Kuchtyk	Member of Management Board
Rafał Dietrich	Member of Management Board

<u>Changes in the composition of the Management Board of Dekpol S.A. in 2018 and until the date of publication of the report</u>

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

On 1st of January 2018, Mr. Michał Skowron was appointed to the Management Board of the Company, who was entrusted with the function of the Vice-President of the Management Board of the Company.

On 10th of August 2018, the Company received the resignation of Mr. Krzysztof Łukowski from the position of the Vice-President of the Management Board of the Company with effect on 31st of August 2018.

On 31st of December 2018, the Company received the resignation of Mr. Sebastian Barandziak from the position of the Member of the Management Board of the Company with effect on 31st of December 2018, on the day indicated.

The Statute of the Dekpol S.A. provides that the Supervisory Board consists of three to five members, whereas in case of obtaining by the Issuer the status of a public company from five to seven members. Vocation as well as dismissal of members of the Supervisory Board follows through resolution of General Meeting of Shareholders. This body elects the Chairman of Supervisory Board, may also entrust the function of Vice-president to another member. The term of office of Supervisory Board members takes 5 years and cannot be joint.

Composition of the Supervisory Board of Dekpol S.A. as at the date of publication of this report:

Name and surname	**Function**
Roman Suszek	Chairman of Supervisory Board
Jacek Grzywacz	Vice-Chairman of Supervisory Board
Jacek Kędzierski	Member of Supervisory Board
Grzegorz Wąsacz	Member of Supervisory Board
Wojciech Sobczak	Member of Supervisory Board

Changes in the composition of the Supervisory Board Dekpol S.A. in 2018 and until the date of publication of the report

On 23rd of May 2018, the Company received the resignation of Mr. Piotr Stobiecki from the position of Member of the Supervisory Board of the Company as of the day of the General Meeting of the Issuer convened for 28th of May 2018.

On 28th of May 2018, the Ordinary General Meeting of the Company appointed a member of the Supervisory Board in the person of Mr. Wojciech Sobczak.

On 17th of December 2018, the Extraordinary General Meeting of the Company adopted a resolution on determining the number of Supervisory Board members according to which the Supervisory Board of the Company will consist of 5 persons. The resolution of the EGM enters into force on 2nd of April 2019, after the end of the current term of office of the Supervisory Board Members, Mr. Roman Suszek and Mr. Jacek Grzywacz.

EGM also adopted resolutions regarding the appointment of the current members of the Supervisory Board for the next term of office: Mr. Roman Suszek as the Chairman of the Supervisory Board, Mr. Jacek Grzywacz as the Vice-Chairman of the Supervisory Board and Mr. Jacek Kędzierski as a Member of the Supervisory Board. Resolutions on the appointment of Mr. Roman Suszek and Mr. Jacek Grzywacz enter into force on 2nd of April 2019 after the end of their current term of office, and the resolution on the appointment of Mr. Jacek Kędzierski comes into force on 1st of July 2019 after the expiration of his current term of office.

2. The composition of the Capital Group and related entities:

Apart of parent company the Capital Group consists of:

Entities related as at the balance sheet date			
Name	**Consolidation method**	**Name**	**Consolidation method**
Subsidiaries			
Dekpol 1 Sp. z o.o.	direct subsidiaries	Dekpol Royalties Sp. z o.o.	indirect subsidiaries
Dekpol 1 Sp. z o.o S.K.A.	direct subsidiaries	Almond Sp. z o.o.	indirect subsidiaries
Dekpol Inwestycje Sp. z o.o.	direct subsidiaries	Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.	indirect subsidiaries
Dekpol Pszenna Sp. z o.o.	direct subsidiaries	Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.	indirect subsidiaries
UAB DEK LT Statyba (Litwa)	direct subsidiaries	Dekpol Inwestycje Sp. z o.o. Development Sp. k.	indirect subsidiaries
Smartex Sp. z o. o	direct subsidiaries	Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k	indirect subsidiaries
Dekpol Deweloper Sp. z o.o.	direct subsidiaries	Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.	indirect subsidiaries
Betpref Sp. z o.o.	direct subsidiaries	Dekpol Pszenna Sp. z o.o. Sp.k	indirect subsidiaries
Nordic Milan Sp. z o.o.	direct subsidiaries	Dekpol Inwestycje Sp. z o.o. WBH Sp. k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k.	indirect subsidiaries
		Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k.	indirect subsidiaries

Dekpol S.A. holds 100% shares in Dekpol 1 Sp. z o.o., UAB DEK LT Statyba, Dekpol Inwestycje Sp. z o.o. and Dekpol Pszenna Sp. z o.o., Dekpol Deweloper Sp. z o.o., Betpref Sp. z o.o., Nordic Milan Sp z o.o. and 100% shares in Dekpol 1 Sp. z o.o. S.K.A.

Dekpol S.A. holds 62.3% shares in Smartex Sp. z o.o. and the right to acquire of 37.7% shares in Smartex.

Dekpol 1 Sp. z o.o. S.K.A. holds 100% shares in Dekpol Royalties Sp. z o.o. and Almond Sp. z o.o.

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Dekpol Inwestycje Sp. z o.o. is the general partner of the following companies: Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k .; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k .; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k., Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. having in these companies a 0.5% shares in profits, and 99.5% share in profits has Dekpol S.A. being a limited partner of these companies.

Dekpol Inwestycje Sp. z o.o. is the general partner of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., having in this company 0.1% share in profits, and 49.9% share in profits has Dekpol S.A. being a limited partner of this company.

Dekpol Pszenna Sp. z o.o. is the general partner of Dekpol Pszenna Sp. z o.o. Sp.k. having a 0.5% share in profits of this company, while Dekpol S.A. being the limited partner of this company owns 99.5% share in profits, with the proviso that the profit to be divided among the companies from the Dekpol Group will be reduced by 500 PLN, attributable to the other limited partner of the company.

Personal links with other companies in which Mr. Mariusz Tuchlin (acting as the President of the Issuer's Management Board and main shareholder) is a significant shareholder:

Company's name	CRS	Nature of connection	Information about the company
City Apart Management Sp. z o.o.	0000300191	- 100% of shares belong to Mariusz Tuchlin (proxy in the Company), 100% votes	The company operates in the hotel industry
Dekpol Serwis Sp. z o.o. (komplementariusz Dekpol Serwis Sp. z o.o. Sp. k.)	0000629533	- 90% of shares belong to Mariusz Tuchlin (President of the Management Board in the Company)	The company operates in the rental of passenger and delivery cars
Dekpol Serwis Sp. z o.o. Sp. k.	0000630076	- 98% of shares belong to Mariusz Tuchlin	The company operates in the rental of passenger and delivery cars
City Apart Management Jaglana Sp. z o.o.	0000711010	- 90% of shares belong to Mariusz Tuchlin (proxy in the Company), 90% of votes	The company operates in the hotel industry
City Apart Management Pszenna Sp. z o.o.	0000710859	- 9090% of shares belong to Mariusz Tuchlin (proxy in the Company), 90% of votes	The company operates in the hotel industry
City Apart Management Pszenna Sp. z o.o. Sp. K.	0000711812	- 99% of shares belong to Mariusz Tuchlin	The company operates in the hotel industry
Flats For Rent Sp. z o.o.	0000750704	- 100% of shares belong to Mariusz Tuchlin (proxy in the Company), 100% votes	The company operates in the field of property management

Company's name	CRS	Nature of connection	Information about the company
Flats For Rent Sp. z o.o. Sp. K.	0000751229	- 100% of shares belong to Mariusz Tuchlin	The company operates in the field of property management

3. Legal basis for preparing the financial statement

Financial statements are prepared using defined principles in paragraph § 25-28 IAS 1:

- Going concern,
- Accrual,
- continuity of presentation.

The Company prepares the income statement using the multiple-step variant.
The Company prepares its cash flow statement using an indirect method.
The financial statement is presented in thousands of PLN.

4. Date of approval of the financial statement for publication

The financial statement was approved for publication on 30th of April 2019.

5. Functional currency and the reporting currency

The functional currency of the Company is the Polish zloty (PLN). The Company prepares financial statements in the functional currency.

6. Continued operations

The financial statements has been prepared under the assumption that the Company will continue its business operations in the foreseeable future and that it does not intend or must not discontinue its operations or substantially reduce its scope. According to the knowledge of the Management Board of the Company, there are no circumstances indicating a threat to continuing operations.

7. Events after balance sheet date

There were no significant events after the balance sheet date not included in the financial statement and statement of the Management Board.

8. Rules for the valuation of assets and liabilities and financial results, adopted in the preparation of the financial statement

Whenever the Company is indicated below, it applies to the whole DEKPOL S.A. Capital Group.

Property, plant and equipment

- Principles of evaluation of property, plant and equipment are mainly included in IAS 16 "Property, plant and equipment".
- Property, plant and equipment are subject to initial recognition at the acquisition price or production cost.
- The acquisition price or production costs are subject to an increase by costs of disassembly and removal of an item of property, plant and equipment and renovation of the place of using it, if the Company is obliged to do so.
- The acquisition price or production costs are not subject to adjustment by foreign exchange differences related to liabilities financing the acquisition of an asset accrued up to the date of putting an asset into use, unless it results from the policy adopted in the scope of hedge accounting.
- The acquisition price or production costs are subject to an increase by costs of interest on liabilities financing the acquisition of an asset accrued up to the date on which an asset is ready for use.
- After the initial recognition, the Company evaluates property, plant and equipment at the acquisition price or production cost less depreciation write-offs, pursuant to the model specified in § 30 of IAS 16.
- With regard to each item of property, plant and equipment, the Company determines a period of economic useful life. If it is justified in relation to significant component parts of property, plant and equipment to apply various periods of economic useful life and depreciation rates/methods, the Company applies various depreciation rates/methods in relation to each significant component part of property, plant and equipment.
- Property, plant and equipment are subject to depreciation in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Company accepts that the final (residual) value of used property, plant and equipment is usually insignificant and will not be determined, unless the residual value is significant in relation to a given item of property, plant and equipment. The residual value constituting at least 20.0% of the initial value of an item of property, plant and equipment is deemed significant.
- The Entity applies a straight-line deprecation method of property, plant and equipment, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- A depreciation period, depreciation method and residual value (if determined) are subject to periodic verification at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- Property, plant and equipment of the initial value not exceeding PLN 3,500.00 are written off in the month in which they are put into use. Property, plant and

equipment of the initial value below PLN 1,000.00 are recognized exclusively in off-balance sheet records and are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09.

- Costs of improvement of property, plant and equipment increase their initial value, provided that improvement consists in extending a period of economic useful life or improving parameters of property, plant and equipment measured by means of costs of operation, productivity, quality of manufactured products or scope of functionality
- Costs of current renovations and inspections of property, plant and equipment are recognized as costs of the period in which they are incurred, unless they result in extending a period of economic useful life as compared to the initially assumed period.
- If property, plant and equipment are excluded from use, the Company does not discontinue depreciation, unless an item of property, plant and equipment is held for sale within 12 months. In such a case, property, plant and equipment are evaluated at the initial value less revaluation write-offs or at the fair value less selling costs, whichever is lower, and are not subject to depreciation - according to IFRS 5 "*Non-Current Assets Held for Sale and Discontinued Operations*".

Lease

- The Company recognizes and evaluates leased assets pursuant to IAS 17 "Leases".
- The Company classifies assets as being the subject matter of financing or operating lease agreements on the basis of the criteria specified in § 7-19 of IAS 17.
- Assets which are the subject matter of a financing lease have to be disclosed as user's assets; assets which are the subject matter of an operating lease have to be disclosed as lessor's assets.
- In the case of a financing lease, the Company recognizes the discounted value of a liability (without an interest part) broken down into long-term and short-term liabilities. An interest part of lease instalments is recognized as costs of the period. If the Company does not plan to use the option of purchase of the subject matter of a financing lease, it determines a period of economic useful life not longer than the term of a lease agreement.
- If the Company performs a leaseback transaction, any possible profit from the sale of an asset to a lessor is not recognized as revenue and is accounted for over time, unless a leaseback is an operating lease and the transaction has been concluded at the fair value.
- Non-current assets in progress are non-current assets that are constructed, assembled or improved. They are measured at the total costs directly related to their acquisition or construction less impairment losses.

Intangible assets (IA)

- A definition of IA has been specified in §12 of IAS 38 "Intangible Assets" and criteria for their recognition in §21 of IAS 38.
- The Company initially recognizes IA acquired in separate transactions at acquisition prices, while IA produced by the Company at a production cost.
- If software licenses or similar assets are acquired, costs of implementation of software incurred until the date of bringing it to the assumed fitness for purpose specified by the Company's Management Board should be recognized under the IA initial value. The implementation costs do not include costs of employee trainings which encumber profit or loss on the date they are incurred.
- Only IA meeting the criteria specified for development works in §57 of IAS 38 may be classified as IA produced by the Company. Goodwill, trademarks etc. are not classified as IA, if produced by the Company.
- After the initial recognition, the Company evaluates IA at the purchase price or cost of production less amortization write-offs, pursuant to the model specified in § 74 of IAS 38.
- With regard to each IA, the Company determines a period of economic useful life. A period of economic useful life may be unlimited. A period of economic useful life resulting from legal titles may not be longer than a period of validity of such titles.
- IA is subject to amortization in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Entity applies a straight-line amortization method of IA, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- An amortization period and method are subject to periodic verification, at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- IA with an indefinite period of economic useful life and goodwill are not subject to amortization, but they are tested for impairment loss at the end of each financial year and when there are premises that impairment loss of IA has occurred. Moreover, the correctness of the assumption that IA has an indefinite period of useful life is verified on an annual basis and, if needed, IA is reclassified to amortized IA. Goodwill is not subject to reclassification.
- IA of the initial value not exceeding PLN 1,000.00 are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09 and

recognized under off-balance sheet records. IA of the initial value from PLN 1,000.00 to PLN 3,500.00 are recognized in IA itemized records and amortized as a single entry in the month following the month in which IA are ready for use as expected by the management.

Investment property

- Principles of recognition and evaluation of investments in property are regulated in IAS 40 "Investment property".
- The Company classifies real properties held to generate rent income or an increase in their value as investment properties. If the real property is also used for own needs of the Company, while the separately used part may not constitute a separate ownership unit, the real property is treated as a fixed asset, if the use for own needs prevails, or as investment in the real property, if the investment character prevails.
- The Company evaluates real properties at fair values. Fair values of all real properties are determined as of 30 November of each financial year. Effects of reevaluation to fair values are subject to recognition in profit or loss of the financial year.

Shares in subsidiaries

The Dekpol S.A. Capital Group as of the balance sheet date is composed of Dekpol S.A. as the parent entity and twenty two subsidiaries.

All of the above companies are subject to full consolidation.

Direct subsidiaries of Dekpol S.A.:

1) Dekpol 1 Sp. z o.o. - general partner of DEKPOL 1 Sp. z o.o. SKA,

2) Dekpol 1 Sp. z o.o. S.K.A. - is responsible in the DEKPOL Group for the management of subsidiaries appointed to perform specialized tasks as well as intangible and intellectual values in the DEKPOL Group,

3) Dekpol Inwestycje Sp. z o.o. – general partner in special purpose entities implementing individual development projects in the Dekpol Capital Group (Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k., Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k.),

4) Dekpol Pszenna Sp. z o.o. – the general partner of the special purpose entity for the implementation of the development investment on Pszenna street in Gdańsk,

5) UAB DEK LT Statyba – company established to support the Company's operations in Lithuania, as well as to manage future contracts in the General Contractor implemented in Lithuania,

6) Smartex Sp. z o. o. - owner of a plot of land in Wrocław at Braniborska street, where the Company, together with a privat person who owns 37.7% of shares in Smartex, intends to jointly implement a development project. Dekpol S.A. holds a 62.3% stake in Smartex and the right to acquire a 37.7% shares in Smartex. A special purpose entity was established for the implementation of the project - Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k.,

7) Betpref Sp. z o.o. – a company established to ensure the continuity of deliveries of precast concrete products used in the performance of contracts in general contracting,

8) Nordic Milan Sp. z o.o. - the company operates in the development industry; owns a land property in Milanówek, where the property development project is being implemented,

9) Dekpol Deweloper Sp. z o.o. - the purpose of the creation was to separate an organized part of the Dekpol S.A. covering the property development activity and transferring it in kind to this company,

Indirect subsidiaries of Dekpol S.A. (via Dekpol 1 Sp. z o.o. S.K.A.):

1) Dekpol Royalties Sp. z o.o. - a company responsible in the DEKPOL Group for brand service in the context of image and product promoti (The Management Board plans to liquidate the Company in 2019),

2) Almond Sp. z o.o. - – company owning the property in Gdańsk at Toruńska street 12 (Hotel Almond),

Indirect subsidiaries of Dekpol S.A. (via Dekpol Inwestycje Sp. z o.o.):

1) Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. – a special purpose entity for the implementation of a development investment under the name Pastelowa in Gdańsk,

2) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. – special purpose entity for the implementation of development investments in Rokitki and Śliwiny near Tczew,

3) Dekpol Inwestycje Sp. z o.o. Development Sp. k. – special purpose entity to carry out smaller development investments, including in Jurata and Hel,

4) Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. – a special purpose entity for the implementation of a development investment in Wrocław,

5) Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k. – a special purpose entity for the implementation of a development investment named Forest in Gdańsk,

6) Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k. - a special purpose entity for the implementation of a development investment in Gdańsk on the Sobieszewska Island,

7) Dekpol Inwestycje Sp. z o.o. WBH Sp. k. - a special purpose entity for the implementation of a development investment in Warsaw,

8) Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k. - a special purpose entity for the implementation of a development investment in Gdańsk,

9) Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k. a special purpose entity for the implementation of a development investment in Wiślinka,

10) Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k. - special purpose entity to carry out smaller development investments in Gdańsk on the Sobieszewska Island,

Indirect subsidiaries of Dekpol S.A. (via Dekpol Pszenna Sp. z o.o.):

1) Dekpol Pszenna Sp. z o.o. Sp.k. – a special purpose entity for the implementation of a development investment named Grano Residence in Gdańsk at Pszenna street.

As at 31st of December 2018, Dekpol S.A. holds 100% shares in: Dekpol 1 Sp. z o.o., UAB DEK LT Statyba, Dekpol Inwestycje Sp. z o.o., Dekpol Pszenna Sp. z o.o., Betpref Sp. z o.o., Nordic Milan Sp. z o.o., Dekpol Deweloper Sp. z o.o. and 100% shares in Dekpol 1 Sp. z o.o. S.K.A.

Dekpol 1 Sp. z o.o. S.K.A. holds 100% shares in Dekpol Royalties Sp. z o.o. and Almond Sp. z o.o.

Dekpol Inwestycje Sp. z o.o. is the general partner of the following companies: Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k .; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k .; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., Dekpol Inwestycje Sp. z o.o. WBH Sp. k., Dekpol Inwestycje Sp. z o.o. Osiedle Zielone Sp. k., Dekpol Inwestycje Sp. z o.o. Grano Resort Sp. k., Dekpol Inwestycje Sp. z o.o. Sol Marina Sp. k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development Sp. k.), having 0.5% shares in profits in these companies, and Dekpol S.A. has a 99.5% share in profits being a limited partner of these companies. Dekpol Inwestycje Sp. z o.o. is the general partner of Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., having in this company 0.1% share in profits, and 49.9% share in profits has Dekpol S.A. being a limited partner of this company. Dekpol Pszenna Sp. z o.o. is the general partner of Dekpol Pszenna Sp. z o.o. Sp.k. having a 0.5% share in profits in this company, while Dekpol S.A. being the limited partner of this company owns 99.5% share in profits, with the proviso that the profit to be divided among the companies from the Dekpol Group is reduced by PLN 500, attributable to the other limited partner of the company.

Dekpol S.A. carries out its operations in three areas:

- general contracting for the construction of industrial facilities, public utilities, sports and recreation facilities, environmental protection facilities, as well as sanitary, road and hydrotechnical works;
- property development - construction, finishing and sale of housing estates, single-family housing estates, luxury apartment buildings, condo hotels and commercial and service areas;
- production of equipment for construction machines.

Financial instruments

- For the valuation of financial assets, the Company applies the principles set out in IAS 27 "Separate financial statements" and IFRS 9 "Financial instruments".
- The Company measures investments in subsidiaries and associates according to cost in accordance with § 10 (a) of IAS 27 in interim financial statements.
- The company qualifies financial assets other than investments in subsidiaries and affiliates in accordance with the definitions set out in IFRS 9 with initial recognition in the following categories:
  - Assets valued at amortized cost,
  - Assets measured at fair value through other comprehensive income.
- The Company identifies and isolates embedded derivative instruments if they meet the criteria set out in § 4.3.3 of IFRS 9. The Company does not separate currency derivatives embedded in contracts concluded in a currency other than the functional currency of the Company if the contract currency is the functional currency for the other party to the contract.

The Company implemented the model of expected credit losses in accordance with the simplified method allowed to be applied by IFRS 9. In particular, write-offs for receivables are created:

- Receivables lost - in full amount,
- For expected credit losses - in the estimated amount based on the historical ratio of write-offs of receivables lost in the last 3 years to the balance of receivables at the beginning of the period,
- For losses due to late payments - in the estimated amount based on historical data on delays in payments in the last 3 years before the balance sheet date.

Derivative financial instruments

None.

Inventory

- Principles of recognition and evaluation of inventories are included in IAS 2 "Inventories".
- Inventories are evaluated at the acquisition prices or production costs not higher than the net realizable value.
- The Company classifies all direct costs and variable indirect costs of production of an item of inventory and that part of fixed indirect costs which has been incurred as part of using standard production capacities as costs of work in progress or costs of finished goods.
- The Company establishes a production plan for each month for a production department (in terms of volume - weight of produced finished products) on an annual basis. If implementation of the plan does not exceed 90%, the part of fixed indirect costs of production - proportionate to the part which has not been implemented - is not included in costs of production of inventories. Moreover, cost of production of inventories does not include fixed indirect costs of production for downtime of a plant or departments, if downtime exceeds one business day.
- Costs of unused production capacities are recognized under costs of basic operating activity in the month in which they are incurred.
- Cost of production of inventories does not include exchange rate differences or interest related to liabilities financing inventories.
- Costs of purchase are recognized as an increase in the value of materials, if it is possible to assign them in a direct manner.
- Consumption of inventories is evaluated according to the first-in, first-out method (FIFO).
- Inventory of finished products of the steel structure and equipment production department is evaluated at fixed prices corresponding to the planned costs of production. Differences between the actual cost of production and the cost at fixed prices are recognized under deviations and assigned to profit or loss of the period, in proportion to the value of finished goods recognized under profit or loss of the period at fixed prices.
- At the end of the reporting period, the Company compares evaluation of inventories at the acquisition price or production costs with the net realizable value. For items for which the net realizable value is lower than the balance sheet value, the Company makes the write-off to the net realizable value.
- The Company determines the progress of works of construction contracts on the basis of the share of costs incurred in respect of the contract in the planned costs

of the contract. The measurement of the progress of works does not include costs which have not been covered by the plan. The incurred costs include costs of materials, if they refer to materials embedded according to the plan. Not embedded materials are assigned to inventory of materials.

Equity

- The Company classifies the following items under equity capitals:
  - The equivalence of the issued capital instruments (shares, share options etc.). The Company distinguishes capital instruments from liabilities pursuant to regulations of § 15-20 of IAS 32 - "Financial instruments - Presentation". Depending on legal regulations, they are subject to recognition as a share, supplementary or reserve capital.
    - In case of issue of compound instruments consisting of a capital instrument and a financial liability (e.g. bonds into shares), the Company separates and evaluates a capital instrument, presenting its value as equity capitals.
  - Retained profit - depending on a decision of shareholders, presented as supplementary or reserve capitals. They are evaluated at nominal value.
  - Effects of evaluation of assets and liabilities directly recognized as equity capitals - presented as reserve capitals. They are evaluated at nominal value.
  - Undistributed profit from previous years. It is evaluated at nominal value.
- Equity capitals are not subject to reevaluation, except for the occurrence of hyperinflation pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies".

Provisions

- The Company recognizes provisions for liabilities pursuant to IAS 19 "Employee Benefits" in the scope of provisions for employee benefits and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in the scope of other provisions.
  - The Company establishes provisions for the following employee benefits:
  - Retirement severance pays - using actuarial methods. The average profitability of 10-year treasury bonds from the last 12 months before the balance sheet date is considered by the Company to be a discount rate. The Company accepts the estimated growth of remuneration above the inflation of 1% per year. The Company assesses the provision once per 3 years, unless significant changes in the scope of volume and structure of employment and a discount rate have occurred;
    - The Company does not use an "actuarial corridor".
  - Unused employee holiday - evaluated as the product of the average remuneration in the Company which constitutes the basis for the payment of equivalent for unused holiday (taking into account charges to be borne by

  the employer) as of the balance sheet day and the number of days of unused holiday;
  - Other short-term employee benefits related to a reporting period - bonuses, remuneration etc. - treated as liabilities, if their value is specified and unconditional. Otherwise, they are recognized as provisions.
- The Company establishes the following provisions for other titles:
  - For effects of legal disputes - to the full value of the subject matter of a dispute and the estimated costs related to a dispute, if a legal assessment indicates that there is medium or high probability of losing a dispute;
  - For guarantee repairs and complaint costs – created on the basis of historical relation of repair costs incurred to revenues from the sale of covered products;
  - For future losses from economic operations in progress - established, if the contract, to which the Company is a party, gives rise to charges, e.g. a contract - which will bring losses - has been signed, or contract conditions have not been fulfilled, which will result in the obligation to pay compensation;
  - For restructuring costs - if the conditions specified in section 77 of IAS 37 are fulfilled - in the amount specified in sections 80-83 of IAS 37.

Prepayments

- The Company accounts for the costs incurred, which refer to future reporting periods, over time. In particular, the following costs are subject to settlement in proportion to the lapse of time:
  - Insurance costs;
  - Subscriptions costs;
  - Costs of the provided utilities, lease costs etc. paid in advance.

Deferred income

Grants and state assistance

- Principles of accounting for the received grants and State assistance are included in IAS 21 "Government Grants and Disclosure of Government Assistance".
- Grants related to costs or revenue incurred or obtained in the past are recognized as revenue in the period in which they have become due. Grants are presented as a separate item of revenue from basic operating activity, but if they refer to costs or revenue of other operating activity, they are presented as other operating revenue.
- Grants related to assets are recognized as revenue of future periods and accounted for in proportion to the value of the subsidized asset written off as

costs. The part of a grant which has been accounted for is presented as revenue at the same level of a profit and loss account at which costs related to the subsidized asset are recognized.

Income tax

- Principles of evaluation and recognition of income tax are regulated in IAS 12 "Income Tax".
- Taxable income (tax loss) of the Company is the income (loss) for a given period established in compliance with principles set forth by Polish tax authorities which form the basis on which the income tax is payable (reimbursable).
- Current tax is the amount of income tax payable (reimbursable) from the taxable income (tax loss) for a given period.
- Positive and negative temporary differences, assets and provisions for deferred income tax, tax and balance sheet value of assets and liabilities are defined in § 5 of IAS 12.
- Deferred tax assets constitute amounts to be deducted in future periods from income tax due to:
  - Negative temporary differences,
  - Carrying over of unused tax losses and
  - Carrying over of unused tax credits.
- Tax burden (tax revenue) consists of current tax burden (current tax revenue) and deferred tax burden (deferred tax revenue).
- The Company establishes provision for deferred tax income (recognizes a deferred tax asset) in all cases in which realization or settlement of the balance sheet value of an asset or liability will result in increasing (decreasing) the amount of future tax payments as compared to the amount which would be proper, if such realization or settlement did not trigger tax effects.
- Current evaluation of tax receivables and liabilities should be made at the amounts due according to rates legally or actually applicable as of the balance sheet date.
- On the basis of the prepared financial result forecasts, it is necessary to evaluate in the following years whether there are premises (planned taxable income) to create a deferred tax asset or adjust its value.
- The Company does not discount deferred tax assets and provisions due to the deferred tax.
- Assets and provisions for temporary differences, the effects of which have been directly taken to equity, will be taken to equity and not to profit or loss of the period.
- Tax receivables and liabilities are subject to separate disclosure in the financial statements, similarly to deferred tax assets and provisions.

- Current income tax liabilities and receivables should not be offset. Offsetting is permissible only if the Company:
  - has a legally enforceable right to set off the recognized amounts,
  - intends either to settle tax on a net basis, or to realize the asset and settle the liability simultaneously.
- Deferred income assets and provisions should not be offset. Offsetting is permissible only if the Company:
  - has a legally enforceable right to set off the recognized amounts,
  - Assets and liabilities refer to income tax imposed on one taxpayer or many taxpayers on several conditions.
- Disputes with tax authorities result in recognizing conditional liabilities. If the likelihood of unfavorable resolution is high, the Company recognizes provisions pursuant to IAS 37 "Provisions".

Transactions denominated in foreign currencies

- Principles of valuation and recognition of foreign currency transactions are regulated in IAS 21 "The Effects of Changes in Foreign Exchange Rates".
- The Polish zloty (PLN) is the functional currency of the Company. The Company prepares financial statements in the functional currency.
- The Company evaluates foreign currency transactions using the spot exchange rate as of the date of the transaction. It is assumed that the spot exchange rate as of the date of the transaction is the average rate of exchange of the National Bank of Poland as of the date prior to the date of the transaction
- The Company evaluates assets and liabilities expressed in foreign currencies as of the balance sheet date:
  - Monetary items (currencies, receivables and liabilities expressed in foreign currencies) - using the rate of immediate maturity, i.e. at the average exchange rate of the National Bank of Poland as of the balance sheet date,
  - Non-monetary items measured in terms of historical cost - using the exchange rate of the date of the transaction, i.e. they are not subject to reassessment as of the balance sheet date,
  - Non-monetary items measured at fair value - using exchange rates applicable at the date when the fair value was determined, i.e. the average exchange rate of the National Bank of Poland for that day.
- If effects of evaluation of a non-monetary item at fair value are recognized under equity capitals, foreign exchange differences from evaluation are recognized in the same manner. Otherwise, foreign exchange differences are recognized in profit or loss of the period.

Sales Revenues

- The principles for recognizing revenues other than those obtained from the sale of financial instruments are set out in IFRS 15 "Revenue from contracts with customers".
- Revenue and costs obtained from sales of financial instruments are disclosed on the date of exclusion of the financial instrument sold from the balance sheet pursuant to IFS 9.
- Revenue is evaluated at fair value of payment. If a payment date is deferred, revenue should be recognized on the date on which it arises at a discount amount. The discount value constitutes interest revenue (financial revenue) recognized in accordance with the effective interest rate in the period of the deferred payment date. Revenue is not discounted, if a payment date does not exceed 180 days.

Thus, the Company recognizes revenues from contracts with customers only if all of the following conditions are met:

  - the parties to the contract have concluded a contract and are required to perform their duties,
  - the entity is able to identify the rights of each party regarding the goods or services to be transferred;
  - the entity is able to identify the payment terms for goods or services to be transferred;
  - the contract has economic content as well
  - it is probable that the Company will receive a remuneration which it will be entitled to in exchange for goods or services that will be transferred to the client.
- Revenue should be recognized on the date of transfer of significant risks and profits related to an asset and when the Company ceases to be permanently engaged in the management of an asset as an owner. Moreover, revenue is deemed achieved, if the amount of revenue may be reliably assessed and there is a likelihood that an economic entity will obtain economic profits from a transaction and if costs incurred may be assessed in a reliable manner.
- When establishing the moment of achieving revenue, the International Commercial Terms - "Incoterms", prepared by the International Chamber of Commerce in Paris, hereinafter referred to as the ICC, are applied.

According to the standard, sales revenues are recognized at the time and to reflect the entity's fulfillment of obligations to perform a service or delivery of goods. The liability is fulfilled when the customer obtains control over the transferred asset. Revenues from sales are recognized at the transaction price, i.e. in the amount for which payment is expected. If the amount of income is variable, according to the new standard, variable amounts are included in revenues, if there is a high probability that in the future there will be no reversal of the recognition of revenue as a result of revaluation.

The company transfers control over good or service over time and thus fulfills the obligation to perform the service and recognizes revenues over time if one of the following conditions is met:

- the customer receives and benefits from the service at the same time,
- as a result of the performance of the benefit, an asset is created or improved, and the control over this asset component - as it arises or improves - is held by the client,
- as a result of the performance of the service, no alternative component is created for the Company, and it has an enforceable right to pay for the service performed so far. In the case of general contracting, they comply with this criterion.

* Both in case of providing the construction services by the Company and the delivery of accessories for construction machines, one obligation to perform a service is generally created. Thus, the question of assigning the transaction price to the obligation to perform the service does not require estimation. In case of construction contracts, the level of advancement of works and the expected margin require the estimation.
* If the price depends on future events or if there is an intention to grant a discount at the end of the contract, the Company estimates the price for the performance of the liability and includes part or all of the variable remuneration in the transaction price only to the extent that it is highly probable that there will be no reversal.
* Sales commission expenses are settled when the premises are sold.
* The company does not identify the financing component in contracts with respect to retained bail, in which the retained amount is the security for good performance of the contract due to its low significance.
* For each commitment to perform the service over time, the Company recognizes revenue based on measurement methods based on inputs (the method of the share of costs incurred until the date of determining revenues in the total cost of the service).
* Dividends should be recognized when the shareholders' rights to receive them are established.

Operating costs

- Costs are recognized in profit or loss as incurred, i.e. on the date on which the corresponding assets are excluded or liabilities are recognized.
- Costs of employee benefits are recognized in the period in which employees performed the respective work

- Costs of external financing are recognized as costs of the period in which they have been incurred, except for costs which may be attributed directly to acquisition, construction or production of the adapted asset. They should be activated as the part of the acquisition price or production cost of that asset.

The rules for settling construction contracts

- For the ongoing construction contracts that are not a property development activity, the Company applies the provisions of IFRS 15 "Revenues from contracts with customers".
- The progress of works, if possible, is determined on the basis of the share of costs incurred to budgeted costs for the project. The costs incurred do not take into account the value of materials transferred for construction, but not built in accordance with the intended use.
- The margin is recognized based on a comparison of contract value to planned costs (budget).
- The total difference between estimated revenues and invoiced revenues is recognized as receivables under construction contracts (positive difference) or liabilities under construction contracts (negative difference).

Settling the costs of property development activity

- Costs of production of facilities as part of the conducted property development activity include costs meeting the criteria of technical production cost, including:
  - Direct production costs,
  - Indirect costs related to production of facilities, in particular:
    - Logistics department costs (fuel, maintenance of vehicles, logistics management, drivers' remuneration when vehicles are used in various projects) - accounted for under property development projects and general contracting according to the criterion of direct production costs.
    - Costs of the purchasing department of general contracting and property development activity - accounted for under property development projects and general contracting according to the criterion of direct production costs.
- The Company distinguishes accounts for each property development project (Order). The criterion of separation of the Order is the estimated time of completion of construction of all facilities (buildings and structures) covered by a given order and the similarity of facilities covered by the Order. Expenditure on the production of facilities, the planned completion of use of which differs by more than 6 months (i.e. the earliest completed facility as part of the order will be completed earlier than 6 months before the last completed facility as part of the order) should not be recognized as part of one order. Facilities for which the estimated cost of production of usable area (PU) of a facility differs by more than

20% should not be recognized as part of one order. Once the order has been completed, costs are accounted for per square meter of PU according to the following algorithm:

- TKW 1m2 PU = [(PKZR) – (POPS)*(CPOPS)]/(PUO)
- Where:
- TKW – technical cost of production
  PKZR – incurred costs of the order in total
  POPS – area of auxiliary facilities subject to sales (garages, cellars)
  CPOPS – expected sales price of square meter of auxiliary facilities pomocniczych
  PUO – usable area of facilities in total

- The above algorithm assumes that auxiliary areas are subject to evaluation according to the expected revenue from sales, similarly to auxiliary production. Costs of common facilities are accounted for in a proportionate manner per square meter of PU.
- If a given facility as part of a given order has been completed and is subject to sales or putting into use before completion of other facilities (if other facilities are planned to be completed not later than within 6 months of the date of completion of the first facility as part of the order), costs are accounted for per square meter of PU of the completed facility according to the following algorithm:
  - FTKW 1m2 PU = [(PKZR) + (FKZR) – (POPS)*(CPOPS)]/(PUO)
  - Where:
  - TKW – estimated technical cost of production
  - FKZR – estimated future costs necessary to complete the order
- Once the order has been completed (not later than within 6 months), costs are finally determined and FTKW is adjusted to TKW.
- If the initial assumption - that all facilities as part of the order will be completed within 6 months and the cost of production of 1m2 of PU of the performed facilities will not differ by more than 20% - is not confirmed, the company distributes orders according to the applicable criteria and all costs previously incurred as part of the order are subject to reassignment by new orders.
- If the company incurs significant expenditure on common parts related to many orders, this expenditure is subject to division into orders in proportion to PU, but settlements are performed exclusively in relation to open orders or planned to be opened within 12 month of the date on which this expenditure was incurred.

9. Financial risk management

In the activity of Dekpol Capital Group SA important are the following types of financial risks:

- interest rate risk – while operating on the market, the Company is exposed to interest rate risk. The Company has financial liabilities, whose financial cost is calculated based on the underlying variable interest rate WIBOR and a fixed margin. Increasing the base rate by 0.5 percentage point, would increase financial expenses by 1 412 thousand PLN, assuming that the balance of liabilities with a fixed interest rate remain unchanged throughout the year.
- foreign exchange risk and the risk of changes in raw material prices – due to the further increase in the scale of operations in foreign currencies, the Company is exposed to currency risk arising from transactions. Such risk arises as a result of the Unit's sale or purchases in currencies other than the domestic currency. If, as at 31/12/2018, the EUR exchange rate was higher or lower by 3%, then the Company's net result would be higher or lower by 8,392 thousand PLN and financial liabilities higher or lower by PLN 3 072 thousand PLN - as a result of negative or positive exchange rate differences resulting from the conversion of receivables, granted loans, cash funds accumulated on bank accounts and trade liabilities. In order to limit the risk of exchange rate fluctuations, in the foreign exchange settlements related to export sales and imports, the Company uses natural hedging to a large extent, which results in the balance of foreign currency flows. During the short-term and determinable imbalance in currency flows, the Company will use currency derivatives to hedge future cash flows in an unrealistic way.
- credit risk - the possible economic crisis may cause financial instability of the Company's customers and hence periodic impediments to the recovery and the formation of payment gridlock. The Company minimizes credit risk through diversification of the portfolio of customers and consistent using of procedures for monitoring and collection of overdue receivables.
- Liquidity risk - the Company manages liquidity risk by financial planning, operational activities in order to be completely matched and by the surplus of available financing sources over the current needs of the Company.
- The Company has no hedging instruments designated financial risks and does not apply hedge accounting. The company aims to minimize these risks by using ongoing monitoring of specific risk areas through the implemented control procedures and regular analysis of risk exposure.

10. Critical assessments and judgements

Estimates performed by Management of DEKPOL SA, which are affecting the amounts presented in the financial statements mainly relate to:

- the expected economic usefulness of tangible and intangible assets,
- impairment loss of assets, including i.e. assets held for sale,
- progress of works set for settlement purpose of long-term contracts, including any planned margin on the contract,

- discount, the estimated increase of salaries and actuarial assumptions used in the calculation of accruals for retirement and pension benefits,
- the fair value of investment property,
- future tax results taken into account when calculating deferred income tax.

The methodology used to determine estimates is based on management's best knowledge of the Company and is in line with the requirements of IFRS. The methodology for determining the estimated values is applied consistently in relation to the previous reporting period, with the exception of the methodology for estimating revaluation write-offs for loan losses related to trade receivables, in accordance with the methodology set out in IFRS 15 "Revenue from contracts with customers". In the opinion of the Management Board, the application of a new methodology for estimating impairment losses on receivables would not significantly affect comparative data. Changes in impairment losses are presented in the further part of the information - in the notes to individual items of assets.

11. Changes in accounting policies and identified errors in previous years and their impact on the financial result and equity capital

In the reporting period there were no errors related to previously published financial statements in preceding years, which would have a significant impact on the financial result and / or equity capital. The financial report for 2018 is created with the application of new or amended standards and interpretations effective for annual periods beginning on 1st of January 2018 and later, and for the recognition of cash on escrow accounts.

The Management Board of the Company has decided to change the accounting policy regarding the recognition of cash held on escrow accounts, which are supervised by banks and are subject to release as the property development works progress. Until now, the Company has not recognized these cash and related advances from customers, being guided by limitations in holding control over this asset. Considering the common market practice, according to which funds in the escrow accounts are recognized in the statement of financial position and statement of cash flows and the requirements of IFRS 15 regarding disclosure of obligations under concluded contracts with customers, it was decided to change the accounting policy and disclose cash on escrow accounts as assets - restricted cash in correspondence with advances from Customers presented in liabilities. The change in the accounting policy does not affect the value of the financial result and equity.

12. The platform of used International Financial Reporting Standards

12.1. Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and related to them interpretations announced in the form of decrees of European Commission hereinafter referred to as IFRS.

12.2. Amendments to standards or interpretations applicable applied for the first time

The following changes to the existing standards issued by the International Accounting Standards Board (IASB) shall enter into force for the first time:

- Changes to various standards resulting from the annual review of International Financial Reporting Standards (Annual Improvements 2014-2016) On 8th of December 2016, as a result of the review of IFRS, minor improvements to the following 3 standards were introduced:

- IFRS 1 Interim financial reporting to remove several exemptions provided for in this standard that no longer apply,
- IAS 28 Investments in associated entities and joint ventures, as regards the moment when investment entities (e.g. venture capital) may decide on the method of valuation of shares in associated entities or joint ventures at fair value, and not using the equity method. They apply for annual periods beginning on or after 1st of January 2018 (except for amendments to IFRS 12, effective for annual periods commencing on 1st of January 2017 or later) or later.

- ndments to IFRS 2: Classification and valuation of share-based payment transactions

Amendments to IFRS 2 were published on 20th of June 2016 and they apply to annual periods beginning on 1st of January 2018 or later. The purpose of the changes in the standard was to clarify the manner of recognizing certain types of payment transactions based on shares.

- Amendments to IFRS 4: Application of IFRS 9 "Financial Instruments" in IFRS 4 "Insurance Contracts" published on 12th of September 2016. They apply to annual periods commencing on 1st of January 2018 or later.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The new interpretation was published on 8th of December 2016 and applies to annual periods beginning on 1st of January 2018 or later. The purpose of the interpretation is to indicate how to determine the date of the transaction for the purpose of determining the appropriate exchange rate (for recalculation) of a transaction contained in a foreign currency in a situation where an entity pays or receives an advance in a foreign currency.

- Amendment to IAS 40 Transfers of investment property

The change in IAS 40 was published on 8th of December 2016 and applies to annual periods beginning on 1st of January 2018 or later. Its purpose is to clarify that the transfer of real estate to or from investment real estate may take place only if the way of use of property has been changed.

- IFRS 9 Financial instruments

The new standard was published on 24th of July 2014 and applies to annual periods beginning on 1st of January 2018 or later. The purpose of the standard is to organize the classification of financial assets and introduce uniform principles of the approach to the assessment of impairment loss of all financial instruments. The standard also introduces a new model of hedge accounting in order to unify the rules for recognizing information on risk management in financial statements.

In the period covered by this report, the Company applied for the first time IFRS 9 "Financial Instruments".

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on 1st of January 2018 or later. IFRS 9 refers to three areas related to financial instruments: classification and measurement, impairment loss and hedge accounting.

According to the best estimates of the Company, the application of IFRS 9 did not have a material impact on the financial statements prepared in previous years, therefore as at 31st of December 2018 no adjustment was made, which would be recognized in the result from previous years.

- Classification and valuation

Pursuant to the new standard, financial assets are classified into only three categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss.

Financial assets and liabilities are recognized when the Company becomes a party to a binding agreement. Initially, financial assets are measured at fair value (in case of financial assets / liabilities later measured at amortized cost up to the initial value, transaction costs should be added or subtracted accordingly).

Receivables due to deliveries and services that do not include a significant component of financing are initially recognized at their transaction price.

The classification of financial assets is based on the Company's business model in the area of financial asset management and the characteristics of the cash flows arising from the contract for that asset.

A financial asset is measured at amortized cost if:

- the financial asset is maintained in accordance with the business model, the purpose of which is to obtain cash flows arising from the contract, and
- the terms of the contract relating to a financial asset cause cash flows to occur at certain times, which are only repayment of the principal and interest from the principal amount to be repaid.

A financial asset is measured at fair value through the statement of other comprehensive income if:

- the financial asset is maintained in accordance with the business model, which aims to obtain cash flows resulting from the agreement, as well as the sale of financial assets, and
- the terms of the contract relating to a financial asset cause cash flows to occur at certain times, which are only repayment of the principal and interest from the principal amount to be repaid.

Other financial assets are measured at fair value through profit or loss.

IFRS 9 did not change the classification of financial liabilities.

The company does not apply hedge accounting.

- Impairment loss of financial assets

As of 1st of January 2018, the Company implemented the model of expected credit losses in accordance with the simplified method admissible for application by IFRS 9.

- The amount of the allowance for expected credit losses

IFRS 9 also changes the model for determining impairment losses - from the loss model incurred for the expected loss model. As of 1st of January 2018, the Company implemented the expected credit loss model in accordance with a simplified method that can be applied by IFRS 9. The reasons for using the above model are the following arguments:

- receivables held by the Company did not contain a significant element of financing within the meaning of the principles set out in IFRS 15, i.e. there was no significant financing component that could adjust the promised amount of remuneration,
- receivables met the condition of waiting to be repaid in less than a year.

The simplified model allows to calculate credit losses throughout the life of receivables.

- IFRS 15 Revenue from contracts with clients

The new unified standard was published on 28th of May 2014 and applies to annual periods beginning on 1st of January 2018 and its earlier application is permitted. The standard establishes a uniform revenue recognition framework and contains principles that will replace most of the detailed guidelines for recognizing revenues currently present in IFRS, in particular, in IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

- Clarification of the provisions of IFRS 15: Revenues from contracts with clients

Clarification of the provisions of IFRS 15 was published on 12th of April 2016 and it applies to annual periods beginning on 1st of January 2018 or later (in accordance with the effective date of the entire standard). The purpose of the changes in the standard was to clarify doubts arising during the pre-implementation analyzes regarding: identification of performance obligations, guidelines for applying the standard regarding the identification of the client / agent and revenues from intellectual property licenses, or transition periods when the first application of the new standard performed.

In the period covered by the report, the Company applied for the first time IFRS 15 "Revenues from contracts with clients" and Amendments to IFRS 15: "Date of entry into force of IFRS 15". The company decided to apply the standard retrospectively. The company decided not to convert the data relating to earlier periods and the possible impact of the first application in the initial balance of the result from previous years.

According to the best estimates of the Company, the application of IFRS 15 did not have a material impact on financial statements prepared in previous years (except for the recognition of cash in escrow accounts), therefore as at 31st of December 2018 no adjustment was made to be recognized as a result of previous years.

IFRS 15 introduces the so-called a five-step model, based on which an appropriate recognition of revenues from contracts with customers should be made. It contains precise guidelines related to the identification of contracts and obligations, the determination of the transaction price, as well as the allocation of remuneration to the performance obligations and the moment of recognition of revenues. In addition, in accordance with IFRS 15, the recognition of revenue is based on the transfer of control, and not on the basis of the risk and benefit transfer so far.

Thus, the Company recognizes revenues from contracts with customers only if all of the following conditions are met:

1. the parties to the contract have signed a contract and are required to perform their duties,

2. the entity is able to identify the rights of each party regarding the goods or services to be transferred;

3. the entity is able to identify the payment terms for goods or services to be transferred;

4. the contract has economic content and

5. it is probable that the Company will receive a remuneration which it will be entitled to in exchange for goods or services that will be transferred to the client.

All contracts identified have economic content and payment terms, and it is highly probable to receive remuneration at the time they are signed.

According to the standard, sales revenues are recognized at the time and to a grade reflecting the entity's fulfillment of obligations to perform a service or delivery of goods. The liability is fulfilled when the customer obtains control over the transferred asset. Revenues from sales are recognized at the transaction price, i.e. in the amount for which payment is expected. If the amount of income is variable, according to the new standard, variable amounts are included in revenues, if there is a high probability that in the future there will be no reversal of the recognition of revenue as a result of revaluation.

The company transfers control over good or service over time and thus fulfills the obligation to perform the service and recognizes revenues over time if one of the following conditions is met:

- the customer also receives and benefits from the service as it is performed,

- as a result of the performance of the service an asset is created or improved, and the control over this asset component - as it arises or improves - is held by the client,

- as a result of the performance of the service, no alternative component is created for the Company, and it has an enforceable right to pay for the service performed so far. In case of general contracting, they comply with this criterion.

Both in case of providing of construction services by the Company and the delivery of accessories for construction machines, one obligation to perform a service is generally created. Thus, the question of assigning the transaction price to the obligation to perform the service does not require estimation.

If the price depends on future events or if there is a intention to grant a discount at the end of the contract, the Company estimates the price for the performance of the liability and includes part or all of the variable remuneration in the transaction price only to the extent that there is a high probability that there will not be a reversal.

Sales commission costs are settled when the premises are sold.

The Group does not identify the financing component in contracts with respect to retained bail, in which the retained amount serves as security for good performance of the contract due to its low significance.

For each liability to perform the service over time, the Company recognizes revenue based on measurement methods based on inputs (the method of share of costs incurred until the date of determining revenues in the total cost of the service).

As the existing rules for recognizing contract revenue meet the criteria provided for in IFRS for the identification of liabilities, this will not affect the financial position in the presented financial statements.

12.3. Prior application of standards and interpretations

The Company has not applied any standards and interpretations before coming into force.

12.4. Implementation of new IFRS rules

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but have not yet entered into force as at the balance sheet date:

- IFRS 16 Lease

The new standard was published on 13th of January 2016 and applies to annual periods beginning on 1st of January 2019 or later, and its earlier application is permitted (but subject to the simultaneous application of IFRS 15). The standard replaces the existing regulations regarding lease (including IAS 17) and radically changes the approach to leasing agreements of various nature, requiring the lessee to show assets and liabilities in the balance sheets under concluded leasing agreements, regardless of their type.

- IFRS 17 Insurance contracts

The new standard was published on 18th of May 2017 and applies to annual periods beginning on 1st of January 2021 or later. Its earlier application is allowed (subject to the simultaneous application of IFRS 15 and IFRS 9). The standard replaces the existing regulations regarding insurance contracts (IFRS 4).

- IFRIC 23 Uncertainty over Income Tax Treatments

The new interpretation was published on 7th of June 2017 and applies to annual periods beginning on 1st of January 2019 or later. The purpose of the interpretation is to indicate how to include income tax in financial statements in cases where the existing tax regulations may leave room for interpretation and disagreement between the unit and tax authorities.

- Change in IFRS 9: Prepayments with negative compensation

The change in IFRS 9 was published on 12th of October 2017 and applies to annual periods beginning on 1st of January 2019 or later. Its purpose is to indicate valuation principles for financial assets that can be repaid earlier on the basis of contractual terms and, formally, could not meet the requirements of the "capital and interest only" test, which would exclude their measurement at amortized cost or at fair value through other comprehensive income.

- Amendment to IAS 28: Long-term shares in associates and joint ventures

The change in IAS 28 was published on 12th of October 2017 and applies to annual periods beginning on 1st of January 2019 or later. Its purpose is to indicate the valuation principles for shares in affiliates and joint ventures in a situation where they are not valued using the equity method.

- Changes to various standards resulting from the annual review of International Financial Reporting Standards (Annual Improvements 2015-2017)

On 12th of December 2017 as a result of the review of IFRS, minor improvements were introduced to the following standards:

- IFRS 3 Business combinations, to clarify that at the time of taking control, the entity reassesses the shares held in the joint operation,

- IFRS 11 Joint arrangements to clarify that when the joint control is included, the entity does not value its shares again in the joint operation,

- IAS 12 Income tax, indicating that all tax consequences of dividend payments should be recognized in the same manner,

- IAS 23 Borrowing Costs, ordering to include in the financing sources of a general nature also those credits and loans that originally served to finance the emerging assets - from the moment when the assets are ready for use in accordance with the intended purpose (use or sale). They apply for annual periods beginning on or after 1st of January 2019.

- Amendments to IAS 19: "Employee benefits" - changes to the defined benefit plan

Amendments to IAS 19 were published on 7th of February 2018 and apply to annual periods beginning on 1st of January 2019 or later. The changes relate to the way of re-pricing of defined benefit plans in case they change. Changes in the standard mean that in case of re-valuation of net assets / liabilities for a given program, the updated assumptions should be applied to determine the current cost of employment and interest costs for periods after the change of the program. Until now, IAS 19 did not explain this precisely.

- Amendment to IFRS 3 Business combinations

The change in IFRS 3 was published on 22nd of October 2018 and applies to annual periods beginning on 1st of January 2020 or later. The aim of the change was to clarify the definition of a business and to distinguish acquisitions of "ventures" from groups of assets for the purpose of settling combinations.

- Amendments to IAS 1 and IAS 8: Definition of the term „material"

Amendments to IAS 1 and IAS 8 were published on 31st of October 2018 and apply to annual periods beginning on 1st of January 2020 or later. The purpose of the changes was to clarify the definition of "relevance" and to facilitate its application in practice. IFRS in the form approved by the EU does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments thereto, which as at the date of approval of these financial statements for publication have not yet been adopted use by EU countries:

- IFRS 14 Regulatory Deferral Accounts published on 30th of January 2014 (suspension of adoption process for use by EU countries),

- IFRS 17 Insurance Contracts, published on 18th of May 2017,

- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its Associate or Joint Venture published on 11th of September 2014 (suspension of the adoption process for use by EU countries),

- Zmiana w MSSF 3 Połączenia jednostek opublikowana w dniu 22 października 2018 roku,

- Amendment to IFRS 3 Business Combinations published on 22nd of October 2018.

This report does not take into account changes in standards and interpretations that are awaiting approval by the European Union. In the opinion of the Management Board, the above-mentioned changes in standards and interpretations will not significantly affect the financial data disclosed in the Company's financial statements.

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

STATEMENT OF THE FINANCIAL POSITION

Item	Note	31.12.2018	31.12.2017	31.12.2016
Fixed assets		**207 758**	**162 646**	
Property, plant and equipment	1.	79 957	53 462	
Intangible assets		307	195	
Goodwill	3.	0	0	
Investment properties	2.	116 872	98 941	
Stocks and shares		0	0	
Receivables		599	3 912	
Other long-term financial assets		2 499	1 260	
Long-term deferred charges		0	0	
Deferred income tax assets		7 523	4 875	
Current assets		**693 059**	**420 020**	
Inventory	6.	340 586	242 320	
Receivables from contracts for construction services		48 493	91	
Trade receivables and other receivables	7.	233 464	113 965	
Other short-term financial assets		0	0	
Short-term deferred charges	9.	4 559	2 121	
Cash and cash equivalents		65 957	61 523	
including cash on escrow accounts		24 372	31 784	
Assets classified as held for sale		0	0	
Assets in total		**900 817**	**582 666**	

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

STATEMENT OF THE FINANCIAL POSITION

Item	Note	31.12.2018	31.12.2017
Equity		**191 525**	**167 443**
Share capital		8 363	8 363
Equity from sales of shares over its nominal value		26 309	26 309
Other equities		154 590	141 070
Own shares (-)		0	0
Profit (loss) from previous years		0	-17
Profits retained:		2 263	-8 282
Equity attributable to shareholders of the parent entity		**191 524**	**167 443**
Non-controlling shares		**1**	**1**
Long-term liabilities	**13.**	**258 515**	**108 276**
Deferred income tax provision		16 821	4 830
Liabilities and provisions on employee benefits		107	59
Other long-term provisions		3	0
Long-term credits, borrowings and debt instruments		214 069	78 849
Other long-term financial liabilities		7 662	6 690
Other long-term liabilities		19 854	17 847
Short-term liabilities	**13.2.**	**450 777**	**306 946**
Liabilities and provisions on employee benefits		15	4
Other short-term provisions		14 222	9 572
Short-term credits, borrowings and debt instruments		60 338	67 070
Other short-term financial liabilities		8 462	4 707
Liabilities due to construction contracts		0	183
Trade liabilities and other liabilities		361 018	218 186
Receivables from future terms		6 721	7 226
Liabilities connected to assets intended for sale		**0**	**0**
Liabilities in total		**900 817**	**582 666**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Statement of the comprehensive income

Calculation variant

Item	Note	01.01-31.12.2018	01.01-31.12.2017
Revenue from sales	16.1	837 034	578 992
Costs of goods sold	16.3.	743 708	491 271
Gross profit (loss) from sales		**93 326**	**87 721**
Selling costs	16.2.	27 889	26 393
General administrative expenses	16.2.	19 038	10 881
Other operating income	16.4.	26 987	3 648
Other operating expenses	16.5.	21 133	7 012
Operating profit (loss)		**52 253**	**47 083**
Financial revenues	17.1.	287	223
Financial expenses	17.2.	7 323	6 030
Share In profit (loss) of entities accounted using the equity method		0	0
Profit (loss) before tax		**45 217**	**41 276**
Income tax		11 285	8 297
Profit (loss) from continuing operations		**33 932**	**32 979**
Net profit (loss)		33 932	32 979
Other net comprehensive income		17	-17
Total income attributable to non-controlling shareholders		0	0
Total income attributable to shareholders of the parent entity		**33 949**	**32 961**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Cash flow statement

(intermediate income)

Item	01.01-31.12.2018	01.01-31.12.2017
Profit (loss) before tax	**45 217**	**41 276**
Adjustments:	**-6 360**	**9 968**
Depreciation	7 897	5 902
Change of fair value of investment properties	-20 107	100
Profit (loss) from sales of non-financial tangible assets	0	-1 040
Profit (loss) from sales of financial assets (other than derivatives)	0	0
Profits (losses) from foreign exchange differences	0	-300
Interests and shares in profits	5 849	5 306
Other adjustments	0	0
Change in working capital	**-103 250**	**-13 619**
Change in inventories	-88 078	-26 414
Change in receivables	-164 589	-16 496
Change in liabilities	138 305	24 001
Change in provisions and accruals	11 113	5 290
Other adjustments	0	0
Income tax on profit before taxation	-11 285	-8 020
Income tax paid	8 101	5 533
Net cash from operating activities	**-67 577**	**35 137**
Expenses related to acquisition of intangible assets	-669	-440
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-4 499	-20 026
Inflows from sales of property, plant and equipment	277	1 500
Expenses related to acquisition of investment properties	-12 308	-8 504
Inflows from sales of investment properties	0	0
Net expenses for the acquisition of subsidiaries	0	-4 740
Repayments received from loans granted	0	13
Loans granted	0	-18
Expenses related to acquisition of other financial assets	-1 240	0
Inflows from the sales of other financial assets	0	-549
Net cash from investment activities	**-18 439**	**-32 764**
Net inflows from issue of shares	0	1
Purchase of own shares (buyback)	0	0

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Inflows from issue of debt securities	132 045	42 000
Redemption of debt securities	-46 033	-82 340
Inflows from loans and borrowings taken out	90 411	114 075
Repayment of loans and borrowings	-58 138	-66 960
Repayment of liabilities under finance lease	-7 121	-2 869
Interest paid	-10 846	-5 942
Dividends paid	-9 868	-4 432
Inflows from received grants	0	0
Other inflows (expenses) from investment activities	0	0
Net cash from financial activities	**90 450**	**-6 468**
Change in net cash and cash equivalents without exchange differences	4 434	-4 094
Change in cash and cash equivalents due to exchange differences	0	0
Net change in cash and cash equivalents	4 434	-4 094
Cash and cash equivalents at the beginning of the period	**61 524**	**65 617**
Cash and cash equivalents at the end of the period	**65 957**	**61 523**
Including cash of limited disposal right	27 608	31 803

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

STATEMENT OF CHANGES IN EQUITY IN REPORTING PERIOD

Item	Share capital	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
Balance at the beginning of the period	**8 363**	**26 309**	**141 070**	**0**	**-8 282**	**1**	**-17**	**167 443**
Error corrections of previous years	0	0	0	0	0	0	0	0
Balance at the beginning of period after changes	8 363	26 309	141 070	0	-8 282	1	-17	167 443
Issue of shares	0	0	0	0	0	1	0	1
Dividends	0	0	0	0	-9 868	0	0	-9 868
Transfer of financial result to capital	0	0	13 519	0	-13 519	0	0	0
Total transactions with the owners	**0**	**0**	**13 519**	**0**	**-23 387**	**1**	**0**	**-9 867**
Net profit (loss)	0	0	0	0	33 932	0	0	33 932
Other total net income	0	0	0	0	0	0	17	17
Total income	**0**	**0**	**0**	**0**	**33 932**	**0**	**17**	**33 949**
Balance at the end of the period	**8 363**	**26 309**	**154 590**	**0**	**2 263**	**1**	**0**	**191 525**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

STATEMENT OF CHANGES IN EQUITY IN PREVIOUS REPORTING PERIOD

Item	Share capital	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
Balance at the beginning of the period	**8 363**	**26 309**	**136 599**	**0**	**-32 357**	**0**	**0**	**138 914**
Error corrections of previous years	0	0	0	0	0	0	0	0
Balance at the beginning of period after changes	8 363	26 309	136 599	0	-32 357	0	0	138 914
Issue of shares	0	0	0	0	0	1	0	1
Dividends	0	0	0	0	-4 432	0	0	-4 432
Transfer of financial result to capital	0	0	4 472	0	-4 472	0	0	0
Total transactions with the owners	**0**	**0**	**4 472**	**0**	**-8 904**	**1**	**0**	**-4 432**
Net profit (loss)	0	0	0	0	32 979	0	0	32 979
Other total net income	0	0	0	0	0	0	-17	-17
Total income	**0**	**0**	**0**	**0**	**32 979**	**0**	**-17**	**32 961**
Balance at the end of the period	**8 363**	**26 309**	**141 070**	**0**	**-8 282**	**1**	**-17**	**167 443**

Correction of published financial statements

The Management Board of the Company has decided to change the accounting policy regarding the recognition of funds held on escrow accounts, which are supervised by banks and are subject to release as the development works progress. Until now, the Company has not recognized these cash and related advance payments from customers, guided by limitations in exercising control over this asset. Considering the common market practice, according to which funds in escrow accounts are recognized in the statement of financial position and statement of cash flows and IFRS 15 regarding disclosure of obligations under concluded contracts with customers, it was decided to change the accounting policy and disclose cash on escrow accounts as assets - restricted cash in correspondence with advance payments from Customers presented in liabilities. Comparability of data for comparative periods was ensured. The changes in comparative data resulting from the change in accounting policy with respect to previously published financial statements are presented below. The change in the accounting policy does not affect the value of the financial result and equity. The above change was also introduced in the comparative data for 2016 and included in this report.

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Consolidated financial statement - Assets

Item	Publisher 31.12.2017	corrections	after correction
Fixed assets	162 646		
Property, land and equipment	53 462		
Intangible assets	195		
Goodwill	0		
Investment properties	98 941		
Stocks and shares	0		
Receivables	3 912		
Other long-term financial assets	1 260		
Long-term deferred charges	0		
Deferred income tax assets	4 875		
Current assets	388 235	31 785	420 019
Inventory	242 320		
Receivables due to contracts with clients	91		
Trade receivables and other receivables	113 965		
Other short-term financial assets	0		

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Units in Open Investment Funds	0		
Short-term deferred charges	2 121		
Cash and cash equivalent	29 738	31 785	61 523
including cash on escrow accounts	0	31 785	31 785
Assets classified as held for sale	0		
Assets in total	550 881	31 785	582 665

Consolidated financial statement - Liabilities

Item	published 31.12.2017	corrections	after correction
Equity	167 443		
Share capital	8 363		
Equity from sales of shares over its nominal value	26 309		
Other equities	141 070		
Own shares (-)	0		
Exchange differences on translation	-17		
Profits retained:	-8 282		
Equity attributable to shareholders of the parent entity	167 443		
Non-controlling shares	1		
Long-term liabilities	108 276		

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Deferred income tax provision	4 830		
Liabilities and provisions on employee benefits	59		
Other long-term provisions	0		
Long-term credits, borrowings and debt instruments	78 849		
Other long-term financial liabilities	6 690		
Other long-term liabilities	17 847		
Short-term liabilities	275 162	31 785	306 946
Liabilities and provisions on employee benefits	4		
Other short-term provisions	9 572		
Short-term credits, borrowings and debt instruments	67 070		
Other short-term financial liabilities	4 707		
Liabilities due to contracts with clients	183		
Trade liabilities and other liabilities	186 402	31 785	218 186
Receivables from future terms	7 226		
Liabilities connected to assets intended for sale	0		
Liabilities in total	550 881	31 785	582 665

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Consolidated financial statement – Cash flow statement

Item	Data publlished 31.12.2017	Corrections	After correction
Profit (loss) before tax	41 276		
Adjustments:	9 968		
Depreciation	5 902		
Change of fair value of investment properties	100		
Profit (loss) from sales of non-financial tangible assets	-1 040		
Profit (loss) from sales of financial assets (other than derivatives)	0		
Profits (losses) from foreign exchange differences	- 300		
Interests and shares in profits	5 306		
Other adjustments	0		
Change in working capital	- 17 985		
Change in inventories	-26 414		
Change in receivables	- 16 496		
Change in liabilities	19 635	31 785	51 420
Change in provisions and accruals	5 290		
Other adjustments	0		
Income tax on profit before taxation	- 8 020		
Income tax paid	5 533		
Net cash from operating activities	30 772	30 772	62 557
Expenses related to acquisition of intangible assets	- 440		
Inflows from sales of intangible assets	0		

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Expenses related to acquisition of property, plant and equipment	- 20 026		
Inflows from sales of property, plant and equipment	1 500		
Expenses related to acquisition of investment properties	- 8 504		
Inflows from sales of investment properties	0		
Repayments received from loans granted	13		
Loans granted	- 18		
Expenses related to acquisition of other financial assets			
Inflows from sales of other financial assets	0		
Net cash from investment activities	- 32 764		
Net inflows from issue of shares	1		
Purchase of own shares (buyback)	0		
Inflows from issue of debt securities	42 000		
Redemption of debt securities	-82 340		
Inflows from loans and borrowings taken out	114 075		
Repayment of loans and borrowings	- 66 960		
Repayment of liabilities under finance lease	-2 869		
Interest paid	-5 942		
Dividends paid	- 4 432		
Inflows from received grants	0		
Other inflows (expenses) from financial activities	0		
Net cash from financial activities	- 6 468		
Net change in cash and cash equivalents without exchange rate differences	- 8 460		
Change in cash and cash equivalents due to exchange differences	0		

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

Change in net cash and cash equivalents	- 8 460		
Cash and cash equivalents at the beginning of the period	38 198		
Cash and cash equivalents at the end of the period	29 738	31 785	62 523
Including cash of limited disposal right	18		

ADDITIONAL EXPLANATORY NOTES

1. PROPERTY, PLANT AND EQUIPMENT

1.1. PROPERTY, PLANT AND EQUIPMENT

Item	31.12.2018	31.12.2017
Land	8 056	6 084
Buildings and structures	27 646	11 504
Maschines and technical devices	27 089	22 030
Vehicles	7 736	3 673
Other fixed assets	1 382	1 176
Fixed assets under construction	8 026	8 900
Advances in respect of tangible fixed assets	23	96
Net value of property, plant and equipment	**79 957**	**53 462**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

1.2. PROPERTY, PLANT AND EQUIPMENT IN THE REPORTING PERIOD

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**6 891**	**14 621**	**30 796**	**6 879**	**2 548**	**8 900**	**96**	**70 730**
Direct aquisitions	2 062	9 566	9 491	5 884	855	6 966	0	34 823
Adoption of fixed assets under construction	0	5 984	656	154	1 086	-7 879	0	0
Increases due to business combinations	0	45	0	0	0	0	-73	-28
Reclassifications	0	1 255	-99	0	-1 450	39	0	-254
Decreases due to sales	0	0	-15	-769	0	0	0	-785
Decreases due to liquidation	0	-243	-341	-34	-251	0	0	-868
Gross carrying amount at the end of the period	**8 953**	**31 229**	**40 488**	**12 113**	**2 788**	**8 026**	**23**	**103 619**
Accumulated amortization at the beginning of period	**-807**	**-3 118**	**-8 766**	**-3 205**	**-1 372**	**0**	**0**	**-17 268**
Increase in depreciation for the period	-90	-469	-4 984	-1 547	-358	0	0	-7 449
Reclassifications	0	-78	16	0	88	0	0	26
Decreases due to sales	0	0	327	345	0	0	0	672
Decreases due to liquidation	0	82	8	30	237	0	0	356
Accumulated amortization at the end of period	**-897**	**-3 582**	**-13 399**	**-4 378**	**-1 405**	**0**	**0**	**-23 661**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**8 056**	**27 646**	**27 089**	**7 736**	**1 382**	**8 026**	**23**	**79 957**

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1.3. PROPERTY, PLANT AND EQUIPMENT IN PREVIOUS REPORTING PERIOD

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**6 891**	**12 656**	**19 991**	**5 161**	**1 901**	**0**	**203**	**46 802**
Direct aquisitions	0	0	11 584	2 728	281	9 425	0	24 019
Adoption of fixed assets under construction	0	138	24	0	146	0	0	307
Increases due to business combinations	0	2 117	324	0	36	0	0	2 477
Reclassifications	0	-289	105	0	184	-525	-107	-632
Decreases due to sales	0	0	-1 199	-981	0	0	0	-2 180
Decreases due to liquidation	0	0	-34	-29	0	0	0	-63
Gross carrying amount at the end of the period	**6 891**	**14 621**	**30 796**	**6 879**	**2 548**	**8 900**	**96**	**70 730**
Accumulated amortization at the beginning of period	**-96**	**-680**	**-5 672**	**-3 270**	**-939**	**0**	**0**	**-10 657**
Increase in depreciation for the period	-711	-348	-3 209	-834	-385	0	0	-5 487
Reclassifications	0	24	-5	414	-19	0	0	413
Decreases due to sales	0	0	390	485	0	0	0	874
Decreases due to liquidation	0	0	23	0	0	0	0	23
Accumulated amortization at the end of period	**-807**	**-3 118**	**-8 766**	**-3 205**	**-1 372**	**0**	**0**	**-17 268**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**6 084**	**11 504**	**22 030**	**3 673**	**1 176**	**8 900**	**96**	**53 462**

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2. INVESTMENT PROPERTIES

2.1. INVESTMENT PROPERTIES

Item	31.12.2018	31.12.2017
Land not leased	13 172	8 504
Real estate leased	103 700	90 437
Advances for investment properties	0	0
Net carrying amount	**116 872**	**98 941**

The letting property consists of the Almond hotel property valued at fair value by an independent appraiser.
The basic parameters for the valuation of perpetual usufruct of land and the ownership right of a hotel building located in Gdańsk at Toruńska street 12 (Hotel Almond), adopted by an independent property appraiser:

- the lease agreement in force until 31.12.2032 has been included and provides income from the basic rent as well as additional rent from the turnover from hotel and catering activities,
- the assumed permanent increase in occupancy and stabilization in the fourth year,
- the assumed increase in ADR and its stabilization in the fourth year,
- the assumed reduction of departmental costs and their stabilization in the fourth year,
- the assumed reduction of overhead costs not directly related to the activities of individual departments in total sales and their stabilization in the fourth year,
- adoption of an appropriate reserve for repairs and replacement of equipment,
- Yield is estimated at 8%.

The hotel is the subject of a lease under an agreement between Almond Sp. z o.o., the owner of the object, and City Hotel Management Sp. z o.o. from 30.06.2016 to 31.12.2032. Revenue from basic rent, during the aforementioned contract, will be at the level of 17% - 24% of revenues of the Dekpol Capital Group for 2016. The rent will be subject to indexation for the price index of goods and services announced by the President of the Central Statistical Office.
In addition, from 1st of February 2020, there will be an additional rent due to Almond Sp. z o.o. amounting to a certain % from the turnover from hotel operations and a certain % from the turnover from catering.
All operational costs of the property are covered by the lessee.

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The value of real estate located in Wrocław at Braniborska street was determined on the basis of an appraisal report prepared by an independent appraiser. For the purpose of the valuation, a mixed approach, residual method was chosen.

2.2. INVESTMENT PROPERTIES IN REPORTING PERIOD

Item	Land not leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	8 504	90 437	0	98 941
Increases due to business combinations	0	0	0	0
Property purchase	1 395	0	0	1 395
Other changes (reclassifications, transfers, etc.) (+/-)	-3 334	0	0	-3 334
Revaluation to fair value (+/-)	6 607	13 263	0	19 870
Investment properties at the end of the period	**13 172**	**103 700**	**0**	**116 872**

2.3. INVESTMENT PROPERTIES IN PREVIOUS REPORTING PERIOD

Item	Land not leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	0	72 200	1 510	73 710
Increases due to business combinations	0	18 337	0	18 337
Property purchase	8 504	0	0	8 504
Other changes (reclassifications, transfers, etc.) (+/-)	0	0	-1 510	-1 510
Revaluation to fair value (+/-)	0	-100	0	-100
Investment properties at the end of the period	**8 504**	**90 437**	**0**	**98 941**

3. GOODWILL AND OTHER INTANGIBLE ASSETS

3.1. INTANGIBLE ASSETS

Item	31.12.2018	31.12.2017

Goodwill	0	0
Patents and licenses	307	150
Development costs	0	45
Other intangible assets	0	0
Intangible assets net	**307**	**195**

3.2. INTANGIBLE ASSETS IN REPORTING PERIOD

Item	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	**1 141**	**976**	**224**	**0**	**2 340**
Aquisition	0	557	0	0	557
Decreases due to liquidation	0	-62	0	0	-62
Gross carrying amount at end of period	**1 141**	**1 470**	**224**	**0**	**2 834**
Accumulated amortization at beginning of period	-1 141	-826	-179	0	-2 145
Increase in depreciation for the period	0	-399	-45	0	-444
Decreases due to liquidation	0	62	0	19 768	19 830
Accumulated amortization at end of period	**-1 141**	**-1 162**	**-224**	**19 768**	**17 241**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**-19 768**	**-19 768**
Net value at the end of period	**0**	**307**	**0**	**0**	**307**

3.3. INTANGIBLE ASSETS IN PREVIOUS REPORTING PERIOD

Item	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	**1 141**	**549**	**224**	**0**	**1 913**
Aquisition	0	427	0	0	427
Decreases due to liquidation	0	0	0	0	0
Gross carrying amount at end of period	**1 141**	**976**	**224**	**0**	**2 340**
Accumulated amortization at beginning of period	**-1 141**	**-456**	**-134**	**0**	**-1 731**
Increase in depreciation for the period	0	-369	-45	0	-414
Decreases due to liquidation	0	0	0	0	0
Accumulated amortization at end of period	**-1 141**	**-826**	**-179**	**0**	**-2 145**

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Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**
Net value at the end of period	**0**	**150**	**45**	**0**	**195**

4. STOCKS AND SHARES

None.

5. OTHER FINANCIAL ASSETS

5.1. OTHER FINANCIAL ASSETS

Item	31.12.2018	31.12.2017
Derivatives	0	0
Other long-term financial assets	2 499	1 256
Long-term grantem loans	0	4
Other long-term financial assets	**2 499**	**1 260**
Short-term loans	0	0
Units in Open Inestment Funds	0	0
Other short-term financial assets	**0**	**0**

6. INVENTORIES

6.1. STRUCTURE OF INVENTORIES

Item	31.12.2018	31.12.2017
Materials balance values	36 884	21 959
Goods balance values	2 235	1 084
Finished products balance values	4 198	26
Semi-finished products and work in progress balance value	21 256	2 226
Premises under construction balance value	180 707	139 002
Finished premises balance value	95 306	78 024
Inventories	**340 586**	**242 320**

6.2. INVENTORY WRITE-OFFS

Item	31.12.2018	31.12.2017
Inventory write-offs at the beginning of period	2 342	1 524

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Inventory write-offs created in period	369	821
Inventory write-offs reversal in period (-)	1 751	33
Inventory write-offs other changes	0	31
Inventory write-offs at the end of period	**961**	**2 342**

7. LONG-TERM RECEIVABLES

7.1. LONG-TERM RECEIVABLES

Item	31.12.2018	31.12.2017
Deposits from construction services	1 870	3 908
Deposits from other titles	5	4
Other receivables	0	0
Receivables write-offs (-)	0	0
Long-term receivables	**1 875**	**3 912**

7.2. LONG-TERM RECEIVABLES WRITE-OFFS

Item	31.12.2018	31.12.2017
Status at the beginning of period	0	0
Write-offs as cost in period	0	0
Write-offs used (-)	0	0
Write-off terminated addend as income in period (-)	0	0
Other changes (net FX differences from settlement)	0	0
Status at the end of period	**0**	**0**

7.3. SHORT-TERM RECEIVABLES

Item	31.12.2018	31.12.2017
Receivables due to contracts with clients net	186 117	70 721
Receivables due to current income tax	1 607	4
Receivables due to other taxes, duties and social security	13 052	14 581
Deposits from construction services balance value	15 405	16 695
Deposits from other titles	0	0
Prepay and advance payment balance value	14 726	10 692
Other receivables balance value	2 558	1 272
Receivables from dividend - short-term	0	0
Trade receivables and other receivables	**233 464**	**113 965**

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7.4. SHORT-TERM RECEIVABLES WRITE-OFFS

Item	31.12.2018	31.12.2017
Status at the beginning of period	3 416	2 376
Write-downs terminated added as income in period (-)	-574	-615
Write-downs used (-)	0	-35
Write-downs as cost in period	7 513	1 690
Other changes (net FX differences from settlement)	0	0
Status at the end of period	**10 355**	**3 416**

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7.5. STRUCTURE OF PAYABLES BY PAYMENT TERMS IN REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**485**	**1 391**	**0**	**1 875**
Trade receivables	42 459	116 783	22 405	4 334	136	0	0	0	186 117
Prepayments and payables	0	0	14 724	0	2	0	0	0	14 726
Deposits from construction services	905	66	0	1 049	13 385	0	0	0	15 405
Deposits from other titles	0	0	0	0	0	0	0	0	0
Receivables due to taxes	0	1 607	0	0	0	0	0	0	1 607
Receivables due to other taxes	190	10 223	2 639	0	0	0	0	0	13 052
Other receivables	14	3	2 540	0	0	0	0	0	2 558
Receivables in total	**43 568**	**128 682**	**42 309**	**5 383**	**13 523**	**485**	**1 391**	**0**	**235 340**

7.6. STRUCTURE OF PAYABLES BY PAYMENT TERMS IN PREVIOUS REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**3 597**	**313**	**2**	**3 912**
Trade receivables	33 468	29 730	5 937	1 206	380	0	0	0	70 721
Prepayments and payables	0	0	10 692	0	0	0	0	0	10 692
Deposits from construction services	2 418	6 187	6	14	4 159	3 911	0	0	16 695
Deposits from other titles	0	0	0	0	0	0	0	0	0
Receivables due to taxes	0	3	0	0	0	0	0	0	4
Receivables due to other taxes	0	14 581	0	0	0	0	0	0	14 581
Other receivables	**0**	**6**	**1 266**	**0**	**0**	**0**	**0**	**0**	**1 272**
Receivables in total	**35 885**	**50 507**	**17 902**	**1 220**	**4 540**	**7 508**	**313**	**2**	**117 877**

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7.7. OVERDUE RECEIVABLES STRUCTURE IN REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	143 649	15 640	22 859	3 969	0	0	186 117
Prepayments and payables	14 726	0	0	0	0	0	14 726
Deposits from construction services	14 500	0	0	296	2	607	15 405
Deposits from other titles	0	0	0	0	0	0	0
Receivables due to taxes	1 607	0	0	0	0	0	1 607
Receivables due to other taxes	13 052	0	0	0	0	0	13 052
Other receivables	2 558	0	0	0	0	0	2 558
Overdue receivables	**190 092**	**15 640**	**22 859**	**4 265**	**2**	**607**	**233 464**

7.8. OVERDUE RECEIVABLES STRUCTURE IN PREVIOUS REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	37 253	17 149	11 787	2 939	1 592	0	70 721
Prepayments and payables	10 692	0	0	0	0	0	10 692
Deposits from construction services	14 277	1 143	1 274	0	0	0	16 695
Deposits from other titles	0	0	0	0	0	0	0
Receivables due to taxes	4	0	0	0	0	0	4
Receivables due to other taxes	14 581	0	0	0	0	0	14 581
Other receivables	1 272	0	0	0	0	0	1 272
Overdue receivables	**78 080**	**18 293**	**13 062**	**2 939**	**1 592**	**0**	**113 965**

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8. CASH

8.1. CASH SPECIFICS

Item	31.12.2018	31.12.2017
Bank accounts	51 658	49 172
Including cash of limited disposal right	27 608	31 803
Cash in deposit	280	276
Short-term deposits	8 762	12 075
Other cash and cash equivalent	5 257	0
Cash and cash equivalents	**65 957**	**61 523**

Cash of limited disposal right includes cash funds accumulated as at the balance sheet date in escrow accounts. The release of funds from escrow accounts by the banks that supervise them is closely related to the development schedules of property development investments.

9. DEFERRED CHARGES

9.1. ACTIVE DEFERRED CHARGES

Item	31.12.2018	31.12.2017
Insurance	429	220
Guarantees	263	163
Provisions from sale of premises	942	1 403
Other	2 924	335
Deferred charges in total	**4 559**	**2 121**

10. EQUITIES

10.1. SHARE CAPITAL

Item	31.12.2018	31.12.2017
Number fo shares	8 363	8 363
Nominal value of the share (PLN)	0	0
Share capital	**8 363**	**8 363**

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Equity	The number of shares issued as of 31.12.2018	The number of shares issued as of 31.12.2017	The number of shares authorized for issue as of 31.12.2018	The number of shares authorized for issue as of 31.12.2017
Series A	6 410 000	6 410 000	0	0
Series B	1 952 549	1 952 549	0	0
Total:	**8 326 549**	**8 326 549**	**0**	**0**

10.2. CHANGES IN NUMBER OF SHARES

Major shareholders	Number of shares	Number of votes	Nominal value of shares (in PLN)	Share in the share capital / total number of votes
Mariusz Tuchlin	6 449 860	6 449 860	6 449 860	77,13%
Funds Managed by Trigon TFI S.A.*	720 000	720 000	720 000	8,61%
Familiar S.A. SICAV-SIF**	679 583	679 583	679 583	8,13%
Other shareholders	513 106	513 106	513 106	6,14%
Razem:	**8 362 549**	**8 362 549**	**8 362 549**	**100%**

* including Trigon Infinity Akcji Fundusz Inwestycyjny Zamknięty holding 550,000 shares of the Company, constituting 6.58% of the share capital of the Company, entitling to 550,000 votes in the Company, which is 6.58% of the total number of votes in the Company (based on the number of registered shares The Ordinary General Meeting of the Company convened for 28th of May 2018).

** based on the number of registered shares for the Ordinary General Meeting of the Company convened for 28th of May 2018.

11. PROVISIONS

11.1. PROVISION SPECIFICS

Item	31.12.2018	31.12.2017
Provisions for unused holidays	1 335	823
Provisions for court litigations	510	510
Provisions for losses on construction contracts	3 305	1 198
Provisions for guarantee repairs	6 008	2 000
Other provisions	3 065	5 040
Other short-term provisions	14 222	9 572
Provisions for retirement benefits - short-term	15	4
Provisions for employee benefits - short-term	15	4
Provisions for retirement benefits - long-term	107	59
Provisions for employee benefits - long-term	107	59
Other long-term provisions	3	0
Provisions	**14 347**	**9 634**

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11.2. CHANGES IN PROVISIONS IN REPORTING PERIOD

Item	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	Other	Total
Status at the beginning of period	63	823	510	2 000	1 199	5 040	9 634
Increase of provisions accounted as cost in period	59	511	0	4 008	3 305	3 068	10 951
Utilization of provisions accounted as revenue in period (-)	0	0	0	0	-1 199	-5 040	-6 239
Utilization of provisions (-)	0	0	0	0	0	0	0
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
Status as of the end of period	**122**	**1 335**	**510**	**6 008**	**3 305**	**3 068**	**14 347**

11.3. CHANGES IN PROVISIONS IN PREVIOUS REPORTING PERIOD

Item	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	Other	Total
Status at the beginning of period	50	474	200	940	0	39	1 703
Increase of provisions accounted as cost in period	63	823	310	1 060	1 199	5 040	8 494
Utilization of provisions accounted as revenue in period (-)	0	0	0	0	0	0	0
Utilization of provisions (-)	-50	-474	0	0	0	-39	-563
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
Status as of the end of period	**63**	**823**	**510**	**2 000**	**1 199**	**5 040**	**9 634**

12. FINANCIAL LIABILITIES

12.1. SPECIFICATION OF FINANCIAL LIABILITIES

Item	31.12.2018	31.12.2017
Other long-term financial liabilities	7 662	6 690
Loans, borrowings and long-term debt-instruments	214 069	78 849
Long-term financial liabilities	**221 731**	**85 539**
Other short-term financial liabilities	8 462	4 707
Loans, borrowings and short-term debt-instruments	60 338	67 070
Short-term financial liabilities	**68 800**	**71 776**
Financial liabilities in total	**290 531**	**157 315**

12.2. LOANS AND BORROWINGS (IN THOUSANDS OF PLN)

Liabilities of Dekpol S.A.:

Loans and borrowings as of 31.12.2018 r.	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
loan SGB-Bank agreement OBRKK/12/2017/63280	30 000	29 999	PLN	WIBOR 3M + margin	31.12.2020
Long-term loans and borrowings in total		**29 999**	-	-	-
Short-term					
loan mBank agreement10/020/17/Z/VV	14 000	7 989	PLN	WIBOR O/N + margin	03.04.2019
loan ING Bank Śląski agreement 891/2017/00000901/00	5 000	4 252	PLN	WIBOR 1M + margin	16.01.2019
loan Santander agreementK01263/17	6 000	4 452	PLN	WIBOR 1M + margin	22.12.2019
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	3 000	1 624	PLN	WIBOR 3M + margin	10.12.2019
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	14 000	13 199	PLN	WIBOR 3M + margin	10.12.2019
loan SGB-Bank agreement OBRKK/6/2018/72360	20 000	938	PLN	WIBOR 3M + margin	07.06.2019
loan mBank agreement 10/033/18/Z/OB	10 682	573	PLN	WIBOR 1M + margin	29.11.2019
loan BS Wschowa agreement 164/IWS/2018	18 000	17 450	PLN	WIBOR 1M + margin	19.08.2019
loan Santander agreement K01036/18	26 300	10 428	PLN	WIBOR 1M + margin	31.05.2019
other		6	PLN		
Short-term loans and borrowings in total		**60 911**	-	-	-

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	Collateral
loan mBank agreement 10/020/17/Z/VV	assignment of receivables from GC contracts
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	joint mortgage up to PLN 42,000,000.00 on a property located in Rokitki belonging to Dekpol No. GD1T/00049849/3 and GD1T/00050468/8 joint mortgage up to PLN 42 000 000,00 on a property located in Pinczyn belonging to Dekpol No. GD1A/00008779/4 and GD1A/00061343/8
loan SGB-Bank agreement OBRKK/12/2017/63280 i OBRKK/6/2018/72360	assignment of receivables from GC contracts
loan ING Bank Śląski agreement 891/2017/00000901/00	bill of exchange
loan Santander agrement K01263/17	assignment of receivables from GC contracts
loan mBank agreement 10/033/18/Z/OB	Mortgage up to PLN 16 023 150,00 on a property located in Gdańsk belonging to Dekpol S.A. LAND AND MORTGAGE REGISTER No. GD1G/00227145/8
loan BS Wschowa agreement 164/IWS/2018	Mortgage up to PLN 27 000 000,00 on a property located in Gdańsk belonging to Dekpol S.A. No. LAND AND MORTGAGE REGISTER GD1G/00106869/5 and on the property located in Jurata belonging to Dekpol Inwestycje Sp. z o.o. Development Sp. k. LAND AND MORTGAGE REGISTER No. GD2W/00018657/3
loan Santander agreement K01036/18	Mortgage up to PLN 39 450 000,00 on a property located in Swarożyn belonging to Dekpol S.A. LAND AND MORTGAGE REGISTER No. GD1T/00048870/2

Loans and borrowings as of 31.12.2017 r.	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
loan mBank agreement 10/020/17/Z/VV	14 000	13 955	PLN	WIBOR O/N + margin	03.04.2019
loan SGB-Bank agreement OBRKK/12/2017/63280	30 000	30 000	PLN	WIBOR 3M + margin	31.12.2020
Long-term loans and borrowings in total		**43 955**	-	-	-
Short-term					
loan Millennium agrement 10536/17/475/04	5 000	4 532	PLN	WIBOR 3M + margin	18.05.2018
loan ING Bank Śląski agreement 891/2017/00000901/00	5 000	3 409	PLN	WIBOR 3M + margin	16.01.2018
loan Bank Zachodni WBK agrement K01263/17	6 000	5 690	PLN	WIBOR 1M + margin	21.12.2018
borrowing	6 530	6 530	PLN	Fixed rate	31.12.2018
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	3 000	2 952	PLN	WIBOR 3M + margin	08.12.2018

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loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	14 000	8 477	PLN	WIBOR 3M + margin	08.12.2018
other	83	83			
Short-term loans and borrowings in total		**31 673**	**-**	**-**	**-**

Violations of provisions of loan agreements: none.

Loans – detailed information:

	Collateral
loan mBank agreement10/020/17/Z/VV	assignment of receivables from GC contracts
loan BGŻ BNP PARIBAS agreement WAR/4100/15/348/CB	Joint mortgage up to PLN 42 000 000,00 on a property located in Rokitki belonging to Dekpol No. GD1T/00049849/3 and GD1T/00050468/8 Joint mortgage up to PLN 42 000 000,00 z on a property located in Pinczyn belonging to Dekpol No. GD1A/00008779/4 and GD1A/00061343/8
loan SGB-Bank agreement OBRKK/12/2017/63280	assignment of receivables from GC contracts
loan Millennium agrement 10536/17/475/04	assignment of receivables from GC contracts
loan ING Bank Śląski agreement 891/2017/00000901/00	bill of exchange
loan Bank Zachodni WBK agrement K01263/17	assignment of receivables from GC contracts
borrowing	none

Bonds (nominal value):

Bonds as of the end of reporting period 31.12.2018	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Bonds series DA	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2021
Bonds series DB	20 000	20 000	PLN	WIBOR 6M+ margin	30.04.2021
Bonds series F1	17 000	1 685	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F2	8 000	7 777	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F3	9 000	9 000	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series F4	13 000	13 000	PLN	WIBOR 3M+ margin	04.01.2022
Bonds series G	76 880	76 880	PLN	WIBOR 6M+ margin	08.03.2021
Bonds series H	15 000	15 000	PLN	WIBOR 6M+ margin	08.03.2021
Long-term bonds in total		**158 342**	**-**	**-**	**-**
Short-term					
	0	0	PLN		
Short-term bonds in total		**0**	**-**	**-**	**-**

Bonds as of the end of reporting period 31.12.2017	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					

Bonds series DA	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2021
Bonds series DB	20 000	20 000	PLN	WIBOR 6M+ margin	30.04.2021
Long-term bonds in total		**35 000**	-	-	-
Short-term					
Bonds series D	35 000	35 000	PLN	WIBOR 3M+ margin	16.10.2018
Short-term bonds in total		**35 000**	-	-	-

Bonds – detailed information:

	Collateral
Bonds series D	mortgage up to the amount of PLN 52.500.000, on the right of perpetual usufruct of a real property located in Gdańsk at Toruńska street, belonging to Almond Sp. z o.o. LAND AND MORTGAGE REGISTER No. GD1G/00047844/2,
Bonds series DA and DB	mortgage up to the amount of PLN 52.500.000,00 on the right of perpetual usufruct of a real property located in Gdańsk at Toruńska street, belonging to Almond Sp. z o.o. LAND AND MORTGAGE REGISTER No, GD1G/00047844/2,
Bonds series F1	mortgage up to the amount of PLN 25 500 000,00 zł on the right of perpetual usufruct of a real property located in Gdańsk at Pszenna steet belonging to DEKPOL Pszenna Sp. z.o.o. Sp. k. - LAND AND MORTGAGE REGISTER No. GD1G/00142582/3, GD1G/00142581/6
Bonds series F2	mortgage up to the amount of PLN 12 000 000,00 zł on the right of perpetual usufruct of a real property located in Gdańsk at Pszenna street belonging to DEKPOL Pszenna Sp. z.o.o. Sp. k. - LAND AND MORTGAGE REGISTER No. GD1G/00142582/3, GD1G/00142581/6
Bonds series F3	mortgage up to the amount of PLN 13 500 000,00 zł on the right of perpetual usufruct of a real property located in Gdańsk at Pszenna street belonging to DEKPOL Pszenna Sp. z.o.o. Sp. k. - LAND AND MORTGAGE REGISTER No. GD1G/00142582/3, GD1G/00142581/6
Bonds series F4	mortgage up to the amount of PLN 19 500 000,00 zł on the right of perpetual usufruct of a real property located in Gdańsk at Pszenna street belonging to DEKPOL Pszenna Sp. z.o.o. Sp. k. - LAND AND MORTGAGE REGISTER No. GD1G/00142582/3, GD1G/00142581/6
Bonds series G	none
Bonds series H	none

Liabilities of companies from the Dekpol Capital Group:

Loans and borrowings as of 31.12.2018	Company	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term						
Borrowing Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	8 286	8 286	PLN	contractual fixed interest rate	31.03.2020
borrowing Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
borrowing Nordic Development S.A.	Nordic Milan Sp. z o.o.	2	2	PLN	contractual fixed interest rate	31.03.2020
borrowing Nordic Development S.A.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
Long-term loans and			**8 314**	-	-	-

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borrowings in total						
Short-term						
loan BOŚ Bank agrement S/58/01/2017/1157/K/KON/EKO	Nordic Milan Sp. z o.o.	27 975	15 000	PLN	WIBOR 3M + margin	30.11.2019
loan BOŚ Bank agrement S/59/01/2017/1157/K/KON/EKO	Nordic Milan Sp. z o.o.	2 000	1 991	PLN	WIBOR 3M + margin	30.11.2019
other						
Short-term loans and borrowings in total			**16 991**	**-**	**-**	**-**

Loans and borrowings as of 31.12.2017	Company	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term						
borrowing Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	8 286	8 286	PLN	contractual fixed interest rate	31.03.2020
borrowing Eco Milan Sp. z o.o.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
borrowing Nordic Development S.A.	Nordic Milan Sp. z o.o.	2	2	PLN	contractual fixed interest rate	31.03.2020
borrowing Nordic Development S.A.	Nordic Milan Sp. z o.o.	13	13	PLN	contractual fixed interest rate	31.03.2020
loan BOŚ Bank agrement S/58/01/2017/1157/K/KON/EKO	Nordic Milan Sp. z o.o.	27 975	13 133	PLN	WIBOR 3M + margin	30.11.2019
loan BOŚ Bank agrement S/59/01/2017/1157/K/KON/EKO	Nordic Milan Sp. z o.o.	2 000	1 396	PLN	WIBOR 3M + margin	30.11.2019
Long-term loans and borrowings in total			**22 843**	**-**	**-**	**-**
Short-term						
		0	0			
Short-term loans and borrowings in total			**0**	**-**	**-**	**-**

Collateral		
Nordic Milan Sp. z o.o.	borrowings	brak
Nordic Milan Sp. z o.o.	loan BOŚ Bank agrement S/58/01/2017/1157/K/KON/EKO	mortgage up to the amount of PLN 41.962.101,00 on the right of perpetual usufruct of a real property located in Milanówek, LAND AND MORTGAGE REGISTER No, WA1G/00051048/8,
Nordic Milan Sp. z o.o.	loan BOŚ Bank agrement	mortgage up to the amount of PLN 3.000.000,00 on the right of perpetual usufruct of a real property located in Milanówek,

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S/59/01/2017/1157/K/ KON/EKO	LAND AND MORTGAGE REGISTER No, WA1G/00051048/8,

Issue of series F1 bonds

On 4th of January 2018 Management Board adopted resolution concerning allocation of 17 000 units of F1-series bonds of a total nominal value of PLN 1000 each and of a total nominal value of PLN 17 million to the following funds: Pioneer Fundusz Inwestycyjny Otwarty and Pioneer Obligacji – Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty. The Bonds have been issued at issue price equal to nominal value of Bonds. Bonds are bearer securities, of a non-document nature and shall bear interest at WIBOR 3M interest rate plus margin with interest paid quarterly. The Bonds are limited to cash benefits only. Redemption date of Bonds falls on January 4, 2022. The Issuer is entitled to earlier redemption of all or some part of Bonds. In cases specified in Terms of Bonds Issue Programme, the Issuer is obliged to make obligatory early redemption of Bonds. In addition, the Bondholder is entitled to submit to the Issuer in certain cases a demand for early redemption of Bonds.

The purpose of Bonds issue is to raise funds for the execution of Issuer's investment consisting on construction of a complex of two buildings – residential and commercial ones as a part of the project called "Grano Residence" in Gdańsk at Pszenna, Chmielna and Żytnia streets. The Funds raised within Bonds issue will be transferred by the Issuer to the Company Dekpol Pszenna sp. z o.o. sp. k. (the company performing investment – "SPV"). Coverage of bonds constitute: (i) contractual mortgage to the maximum amount of PLN 25.5 million on perpetual usufruct right of the property, where the investment will be performed; (ii) escrow account agreement ensuring control of cash flows of the Company within investment, (iii) warranty granted by SPV to the amount of PLN 25,5 million; (iv) Fiduciary transfer of the ownership of all shares in Company's equity of a general partner of SPV in favor of security administrator; (v) irrevocable offer of transfer of all rights and duties of a general partner of SPV for the benefit of security administrator; (vi) confers authority as a collateral, based on which the Issuer, and then SPV will give the power of attorney to make a declaration of will about granting respectively – by the Issuer and the SPV in the way described in article 40 section 1 of Building Act of approval on transfer for the benefit of other entity of a construction permit decision concerning the investment and about granting further power of attorneys in favor of other entity, which will fulfill the function of a mortgage administrator in place of current administrator; (vii) agreement, based on which, Mortgage administrator will get legal title (e.g. copyrights or license) to unlimited right on project documentation connected with the investment and the possibility of unconstrained disposal of this legal title for the benefit of other entities; (viii) declarations of submission to enforcement pursuant to Article 777 § 1(5) of Code of Civil Procedure issued by the Issuer in favor of general partners and by SPV in favor of security administrator.

The Company informed about the issue of the F1 series bonds in the Current Report no. 1/2018 dated 4th of January 2018.

Issue of series G bonds

On 19th of February 2018 Management Board of the Company adopted resolution which changes resolution of the Management Board of the Company regarding G-series bonds issue programme dated 24th of October 2017 in such a way, that the Company will issue G-series bonds of a total nominal value in the amount of PLN 85 million (initially: up to PLN 50 million). On 7th of March 2018 the Management Board of Dekpol S.A. adopted resolution about the final allocation of 76 880 G-series bonds of a nominal value of PLN 1000 each and joint nominal value of PLN 76,88 million. Allocation has been performed under condition of the final settlement of Bonds by CSD S.A. (Central Securities Depository), which took place on 8th of March 2018. Bonds have been issued at issue price equal to its nominal value. Bonds are unwarranted bearer securities, of a non-document form and bear interest at interest rate equal to WIBOR 6M rate plus margin. Interests will be paid half-yearly (every six months). Bonds will cover cash benefits only. Redemption of Bonds will be effective on 8th of March 2021 provided the Company will perform mandatory amortization of 25% of Bonds as at the day of interests payout for the sixth interests period. In addition, the Company may claim earlier redemption of Bonds on each day of interests payment starting with the second interests period, paying in such a case certain bonus from such title (0-1% of value of Bonds). The bondholder may claim earlier redemption of Bonds in case of, among other things, crossing by Company's Capital Group of certain debt indicators. Funds raised from Bonds issue programme will be used for current business activities of the Company, especially for financing of ground properties purchase as well as refinancing of a part or all D-series bonds.

The Company informed of the above events in Current Reports no. 9/2018 of 19th of February, 11/2018 of 7th of March and 12/2018 of 8th of March 2018.

Early redemption of series D bonds

On 12th of March 2018 the Management Board of Dekpol S.A. adopted resolution about early partial redemption of Bonds. The subject of early redemption will be 223 751 Bonds of a joint nominal value in the amount of PLN 22.375.100 described by code ISIN PLDEKPL00065. Early redemption of Bonds followed on the basis of point 18 of Bonds Issue Conditions with the purpose of its remission. The Issuer performed early partial redemption of Bonds as at interests payout for the tenth interest period, i.e. on 16th of April 2018, paying Bondholders for each Bond the amount equal to its nominal value underlying early redemption (i.e. PLN 100,00 for each bond), outstanding interests for tenth interest period in full amount, as well as bonus in the amount of 0,25% of nominal value of bonds underlying early partial redemption. In connection with the above mentioned, from 4th of April 2018 to 16th of April 2018 a trade turnover of Bonds on ASO BondSpot and ASO GPW has been suspended, while the 6th of April 2018 was appointed as a day of arrangement of entities entitled to the above mentioned remission. On 12th of March 2018 Management Board of the Issuer adopted resolution about remission of 45 049 Bonds described by code ISIN PLDEKPL00065 purchased by the Company on the basis of sales agreement of bonds on the OTC market with the bondholder in accordance with article 76 of the Act of Bonds. Joint nominal value of redeemed Bonds amounted PLN 4.504.900, while separate purchase price amounted PLN 101,05. The purpose of early redemption and remission of Bonds was refinancing of a debt of the Company by use of G-series bonds issued in March.

On 14th of July 2018, Dekpol S.A. adopted a resolution on a full premature buy-back of all D series bonds that were not redeemed or which were not the property of the Issuer, ie. 81,200 bonds with the total nominal value of PLN 8,120,000 marked with the ISIN code PLDEKPL00065. Early redemption of bonds took place on 16th of July 2018. Bondholders from each Bond had a benefit of PLN 100 as the redemption amount equal to the nominal value of one Bond increased by interest on the day of early redemption in the amount of PLN 1.42 gross and an additional cash benefit in the form of a bonus of PLN 0.13 gross. In connection with the above, in the period from 4th of July to 16th of July 2018, trading in bonds on ASO BondSpot and ASO GPW was suspended, and on 6th of July 2018, it was designated as the day of fixing those entitled to early redemption of bonds. The aim of early redemption of the Bonds was to refinance the Company's debt by issuing in June this year H series bonds.

The above mentioned has been notified in Current Reports no. 14/2018 dated 12th of March 2018, No. 44/2018 of 14th of June 2018 and No. 50/2018 of 25th of June 2018.

Issue of series H bonds

On 21st of May 2018 the Management Board of Dekpol S.A. adopted a resolution regarding the issue of unsecured and un-issued H series bearer bonds with a total nominal value of up to PLN 15,000,000 with maturity date of 8th of March 2021. On 11th of June 2018 the Management Board of Dekpol S.A. adopted a resolution regarding conditional allocation of 15,000 H-series bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 15 million issued. The bonds were issued under private placement pursuant to art. 33 point 2 of the Act of 15th of January 2015 on bonds. The allocation was made subject to the final settlement of the bonds by KDPW (the Central Securities Depository of Poland) as a result of the execution of settlement instructions on the day of issue and payment by the entities listed in the bondholders' list of the Bonds allocated to them. On 12th of June 2018, KDPW made a final settlement of the bonds. The bonds are transferable unsecured securities and refer only to cash benefits. The issue price of the Bonds is equal to the nominal value. The interest on the Bonds is variable and based on the WIBOR 6M base rate plus a margin. Interest on the Bonds is payable in 6-month periods. The Bonds will be redeemed on 8th of March 2021, with the reservation that the Company is obliged to forcibly depreciate 25% of the Bonds on the day of payment of interest for the 5th interest period. The Company may request early redemption of the Bonds on each day of interest payment by paying a premium of 0-1% of the nominal value of the Bonds, which are to be redeemed. In addition, the bondholder may request early redemption of the Bonds in the case of i.e. the Capital Group of the Company exceeded certain debt ratios. The purpose of the issue of the Bonds is to allocate funds for the repayment of debt under the series D bonds of the Company, and in the remaining scope to finance the Issuer's current operations, in particular for financing the purchase of land. The Issuer will apply for the introduction of the Bonds to the Catalyst alternative trading system.

About the above The Company informed in current reports No. 32/2018 of 21st of May 2018, No. 42/2018 of 11th of June 2018 and No. 43/2018 of 12th of June 2018.

Allocation of F2 series bonds

On 14th of June 2018 the Management Board of Dekpol S.A. adopted a resolution to allocate 8,000 series F2 bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 8 million to Pekao Fundusz Inwestycyjny Otwarty and Pekao Obligacji - iczna Alokacja Fundusz Inwestycyjny Otwarty (previously: Pioneer Fundusz Inwestycyjny Otwarty and Pioneer Obligacji - Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty). The bonds were issued in the mode of Article 33 point 2 of the Act on Bonds. The bonds were issued at the issue price equal to the nominal value of the Bonds. The bonds are negotiable bearer securities, without the form of a document, bearing interest at the WIBOR 3M interest rate plus a margin with interest paid quarterly. The Bonds are limited to cash benefits only. The purpose of the issue of the Bonds is to raise funds for the implementation of an investment consisting of the construction of a residential and service building complex as part of the "Grano Residence" project in Gdańsk at Pszenna, Chmielna and Żytnia streets. Funds from the issue of the Bonds will be transferred by the Issuer to Dekpol Pszenna sp. Z o. O. Sp. K. (the company realizing the investment - "SPV"). The redemption date of the Bonds is 4th of January 2022. The Issuer is entitled to earlier redemption of all or part of the Bonds. In the cases specified in the Terms of Issue of Bonds, the Issuer is obliged to make obligatory early redemption of the Bonds. In addition, the Bondholder is entitled to submit to the Issuer in certain cases the demand for early redemption of the Bonds. The Bonds will be secured by: (i) contractual mortgage established for the security administrator up to PLN 12 million on the perpetual usufruct right to the real estate on which the investment is carried out; (ii) a reserved account agreement to which i.a. cash for the sale of premises will be paid; (iii) surety granted by SPV up to PLN 12 million; (iv) transferring as security for all shares in the share capital of the general partner SPV to the security administrator; (v) an irrevocable offer to transfer all of SPV's limited liability and rights to a security administrator; (vi) the power of attorney granted to the security administrator, under which the Issuer authorized the proxy to submit a declaration of intent expressed by the Issuer pursuant to art. 40 Section 1 of the Construction Law, the consent to transfer to a third party a decision on a construction permit regarding the investment and to grant a further power of attorney, to the entity that will act as a mortgage administrator in place of the current administrator, where in case that the decision on the building permit will be transferred to SPV, then SPV will be required to provide the above powers of attorney; (vii) an agreement under which the securities administrator obtains a legal title (e.g. copyrights or license) to fully use the project documentation related to the investment and the option of freely disposing of that title for other entities; (viii) assignment of receivables from the insurance policy regarding the property and the investment realized on it. In addition to the establishment of the security described above, declarations of submission to enforcement pursuant to Art. 777 § 1 point 5 of the Code of Civil Procedure by the Issuer to the Bondholders and by SPV to the security administrator have been made.

About the above the Company informed in the current report No. 45/2018 dated 14th of June 2018.

Allocation of F3 series bonds

On 9th of August 2018 the Management Board of Dekpol S.A. adopted a resolution to allocate 9,000 series F3 bonds with a par value of PLN 1,000 each and a total nominal value of PLN 9 million to Pekao Fundusz Inwestycyjny Otwarty and Pekao Obligacji - Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty (previously: Pioneer Fundusz Inwestycyjny Otwarty and Pioneer Obligacji - Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty). The bonds were issued in the mode of Article 33 point 2 of the Act on Bonds. The bonds were issued at the issue price equal to the nominal value of the Bonds. The Bonds are transferable bearer securities, not in the form of a document, bearing interest at the WIBOR 3M interest rate plus a margin with interest paid out in three-month periods. The Bonds are limited to cash benefits only. The purpose of the issue of the Bonds is to raise funds for the implementation of an investment consisting in the construction of a residential and service building complex as part of the "Grano Residence" project in Gdańsk at Pszenna, Chmielna and Żytnia streets. Funds from the issue of the Bonds will be transferred by the Issuer to Dekpol Pszenna sp. z o. o. sp. k. (The company realizing the investment - "SPV"). The redemption date of the Bonds is 4th of January 2022. The Issuer is entitled to earlier redemption of all or part of the Bonds. In the cases specified in the Terms of Issue of Bonds, the Issuer is obliged to make obligatory early redemption of the Bonds. In addition, the Bondholder is entitled to submit to the Issuer in certain cases the demand for early redemption of the Bonds. The Bonds will be secured by: (i) a contractual mortgage established for the security administrator up to the amount of PLN 13.5 million on the perpetual usufruct right to the real estate on which the investment is carried out; (ii) an escrow account agreement to which cash for the sale of premises will be deposited; (iii) surety granted by SPV up to PLN 13.5 million; (iv) transferring as security for all shares in the share capital of the general partner SPV to the security administrator; (v) an irrevocable offer to transfer all of SPV's limited liability and rights to a security administrator; (vi) the power of attorney granted to the security administrator, under which the Issuer authorized the proxy to submit a declaration of intent expressed by the Issuer pursuant to article 40 section 1 of the Construction Law, the consent to transfer to a third party a decision on a construction permit regarding the investment and to grant a further power of attorney, to the entity that will act as a mortgage administrator in place of the current administrator, in case the decision on the building permit will be transferred to SPV, then SPV will be required to provide the above powers of attorney; (vii) an agreement under which the securities administrator obtains a legal title (e.g. copyrights or license) to fully use the project documentation related to the investment and the option of freely disposing of that title for other entities; (viii) assignment of receivables from the insurance policy regarding the property and the investment realized on it. In addition to the establishment of the security described above, declarations of submission to enforcement pursuant to Art. 777 § 1 point 5 of the Code of Civil Procedure by the Issuer to the Bondholders and by SPV to the security administrator have been made.

About the above the Company informed in the current report No. 58/2018 dated 9th of August 2018.

Allocation of F4 series bonds

On 29th of October 2018 the Management Board of Dekpol S.A. adopted a resolution to allocate 13,000 of F4 series bonds of a nominal value of PLN 1,000 each and a total nominal value of PLN 13 million ("Bonds") to Pekao Fundusz Inwestycyjny Otwarty and Pekao Obligacji - Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty (previously: Pioneer Fundusz Inwestycyjny Otwarty and Pioneer Obligacji -

Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty). The bonds were issued in the mode of Article 33 point 2 of the Act on Bonds. The bonds were issued at the issue price equal to the nominal value of the Bonds. The Bonds are transferable bearer securities, not in the form of a document, bearing interest at the WIBOR 3M interest rate plus a margin with interest paid out in three-month periods. The Bonds are limited to cash benefits only. The purpose of the issue of the Bonds is to raise funds for the implementation of an investment consisting in the construction of a residential and service building complex as part of the "Grano Residence" project in Gdańsk at Pszenna, Chmielna and Żytnia streets. Funds from the issue of the Bonds will be transferred by the Issuer to Dekpol Pszenna sp. z o. o. sp. k. (The company realizing the investment - "SPV"). The redemption date of the Bonds is 4th of January 2022.

The Issuer is entitled to earlier redemption of all or part of the Bonds. In the cases specified in the Terms of Issue of Bonds, the Issuer is obliged to make obligatory early redemption of the Bonds. In addition, the Bondholder is entitled to submit to the Issuer in certain cases the demand for early redemption of the Bonds.

The Bonds will be secured by: (i) a contractual mortgage established for the security administrator up to the amount of PLN 13.5 million on the perpetual usufruct right to the real estate on which the investment is carried out; (ii) an escrow account agreement to which cash for the sale of premises will be deposited; (iii) surety granted by SPV up to PLN 13.5 million; (iv) transferring as security for all shares in the share capital of the general partner SPV to the security administrator; (v) an irrevocable offer to transfer all of SPV's limited liability and rights to a security administrator; (vi) the power of attorney granted to the security administrator, under which the Issuer authorized the proxy to submit a declaration of intent expressed by the Issuer pursuant to article 40 section 1 of the Construction Law, the consent to transfer to a third party a decision on a construction permit regarding the investment and to grant a further power of attorney, to the entity that will act as a mortgage administrator in place of the current administrator, in case the decision on the building permit will be transferred to SPV, then SPV will be required to provide the above powers of attorney; (vii) an agreement under which the securities administrator obtains a legal title (e.g. copyrights or license) to fully use the project documentation related to the investment and the option of freely disposing of that title for other entities; (viii) assignment of receivables from the insurance policy regarding the property and the investment realized on it. In addition to the establishment of the security described above, declarations of submission to enforcement pursuant to Art. 777 § 1 point 5 of the Code of Civil Procedure by the Issuer to the Bondholders and by SPV to the security administrator have been made.

About the above the Company informed in the current report No. 73/2018 dated 29th of October 2018.

Conclusion of an annex on the series F bonds issue program

On 6th of March 2019 the Company concluded an annex to the agreement on the series F bonds issue program with the investment funds Pekao Fundusz Inwestycyjny Otwarty and Pekao Obligacji - Dynamiczna Alokacja Fundusz Inwestycyjny ("Annex", "Agreement", "Funds" respectively). Until the conclusion of the Annex, DEKPOL issued Series F bonds with a total nominal value of PLN 47 million (series F1-F4 bonds). According to the Agreement, there were remained to issue series F bonds with a total nominal value of PLN 33 million (series F5-F7 bonds). Due to very good sales results of premises under the "Grano Residence" project in Gdańsk ("Investment"), for which funds were obtained from the issue of F series bonds, it was decided in the Annex that F5-F7 bonds will not be issued by the Company. In exchange, the Dekpol Capital Group will be authorized and obliged to use the funds from the sale of premises under the Investment in the amount corresponding to the total nominal value of F5-F7 series bonds exclusively for the Investment, while the proceeds from the sale in excess of this amount will be required to redeem the Series Bonds F1-F4.

About the above the Company informed in the current report No. 6/2019 dated 6th of March 2019.

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12.3. MATURITY OF FINANCIAL LIABILITIES IN REPORTING PERIOD

Item	Overdue	Up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0
Long-term bonds	0	0	126 134	31 462	0	157 596
Long-term borrowings	0	0	8 836	0	0	8 836
Long-term loans	0	0	47 564	0	0	47 564
Long-term leasing	0	0	7 662	0	0	7 662
Short-term derivative liabilities	0	0	0	0	0	0
Short-term leasing	0	8 456	0	0	0	8 456
Short-term bonds	0	0	0	0	0	0
Short-term borrowings	0	0	79	0	0	79
Short-term loans	0	60 338	0	0	0	60 338
Financial liabilities - maturity	**0**	**68 795**	**190 274**	**31 462**	**0**	**290 531**

12.4. MATURITY OF FINANCIAL LIABILITIES IN PREVIOUS REPORTING PERIOD

Item	Overdue	Up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0
Long-term bonds	0	0	0	34 894	0	34 894
Long-term borrowings	0	0	0	0	0	0
Long-term loans	0	0	13 955	30 000	0	43 955
Long-term leasing	0	0	6 690	0	0	6 690
Short-term derivative liabilities	0	0	0	0	0	0
Short-term leasing	0	4 707	0	0	0	4 707
Short-term bonds	0	35 396	0	0	0	35 396
Short-term borrowings	0	6 530	0	0	0	6 530
Short-term loans	0	25 143	0	0	0	25 143
Financial liabilities - maturity	**0**	**71 776**	**20 645**	**64 894**	**0**	**157 315**

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13. TRADE LIABILITIES

13.1. LONG-TERM LIABILITIES

Item	31.12.2018	31.12.2017
Deposits received	10 463	8 079
Other liabilities (long-term)	18 300	9 768
Other long-term liabilities	**28 763**	**17 847**

13.2. SHORT-TERM LIABILITIES

Item	31.12.2018	31.12.2017
Trade liabilities	181 299	97 536
Liabilities due to remunerations	1 475	973
Liabilities due to current income tax	894	5 502
Liabilities due to other taxes, duties and social securities	24 821	2 747
Deposits received short-term	12 966	8 032
Prepayments and deposits received for supplies	139 358	102 966
Other short-term liabilities	205	432
Trade and other liabilities	**361 018**	**218 186**

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13.3. LIABILITIES BY PAYMENT TERMS IN REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term deposits received	0	0	0	0	0	1 708	8 755	0	10 463
Other long-term liabilities – other titles	0	0	0	0	0	0	9 390	0	9 390
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**1 708**	**18 146**	**0**	**19 854**
Trade liabilities	88 977	55 347	34 713	2 185	0	0	0	0	181 222
Prepayments and deposits received for supplies	50	287	15 527	107 322	1 868	0	0	0	125 054
Short-term recieved bails	7 533	139	583	1 356	15 776	0	0	0	25 387
Liabilities due to current income tax	0	896	0	0	0	0	0	0	896
Liabilities due to other taxes	0	24 712	108	0	0	0	0	0	24 819
Liabilities due to remunerations	0	1 475	0	0	0	0	0	0	1 475
Other short-term liabilities	0	-15 378	0	0	17 543	0	0	0	2 166
Short-term liabilities	**96 561**	**67 478**	**50 930**	**110 862**	**35 187**	**0**	**0**	**0**	**361 018**

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13.4. LIABILITIES BY PAYMENT TERMS IN PREVIOUS REPORTING PERIOD

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term deposits received	0	0	0	0	0	0	8 079	0	8 079
Other long-term liabilities – other titles	0	0	0	0	0	295	9 326	147	9 768
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**295**	**17 405**	**147**	**17 847**
Trade liabilities	42 814	25 000	27 549	2 185	0	0	0	0	97 548
Prepayments and deposits received for supplies	0	42 255	34 521	13 907	12 282	0	0	0	102 966
Short-term recieved bails	3 017	1 256	1 357	1 525	876	0	0	0	8 032
Liabilities due to current income tax	0	5 502	0	0	0	0	0	0	5 502
Liabilities due to other taxes	0	2 719	0	0	0	0	0	0	2 719
Liabilities due to remunerations	0	973	0	0	0	0	0	0	973
Other short-term liabilities	0	31	0	416	0	0	0	0	447
Short-term liabilities	**45 832**	**77 737**	**63 427**	**18 033**	**13 158**	**0**	**0**	**0**	**218 186**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

13.5. OVERDUE LIABILITIES IN REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	92 245	59 833	28 397	624	123	0	181 222
Prepayments and deposits received for supplies	137 187	0	0	0	0	0	137 187
Short-term recieved bails	5 433	325	1 112	1 089	1 482	3 526	12 966
Liabilities due to current income tax	896	0	0	0	0	0	896
Liabilities due to other taxes	25 106	0	0	0	0	0	25 106
Liabilities due to remunerations	1 475	0	0	0	0	0	1 475
Other short-term liabilities	2 166	0	0	0	0	0	2 166
Short-term liabilities	**264 507**	**60 158**	**29 509**	**1 713**	**1 605**	**3 526**	**361 018**

13.6. OVERDUE LIABILITIES IN PREVIOUS REPORTING PERIOD

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	54 730	33 759	7 534	1 177	348	0	97 548
Prepayments and deposits received for supplies	102 966	0	0	0	0	0	102 966
Short-term recieved bails	5 014	560	551	661	1 246	0	8 032
Liabilities due to current income tax	5 502	0	0	0	0	0	5 502
Liabilities due to other taxes	2 719	0	0	0	0	0	2 719
Liabilities due to remunerations	973	0	0	0	0	0	973
Other short-term liabilities	442	5	0	0	0	0	447
Short-term liabilities	**172 346**	**34 324**	**8 085**	**1 837**	**1 594**	**0**	**218 186**

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14. DEFERRED INCOME BALANCE

14.1. SPECIFICATION OF DEFERRED INCOME IN THE REPORTING PERIOD

Item	Short-term	Long-term	Total
Grants received	505	6 192	6 697
Deferred charges	24	0	24
Other charges	0	0	0
Liabilities – deferred charges in total	**529**	**6 192**	**6 721**

14.2. SPECIFICATION OF DEFERRED INCOME IN PREVIOUS REPORTING PERIOD

Item	Short-term	Long-term	Total
Grants received	505	6 697	7 202
Deferred charges	24	0	24
Other charges	0	0	0
Liabilities – deferred charges in total	**529**	**6 697**	**7 226**

15. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets held for sale and discontinued operations did not occur.

16. OPERATING REVENUES AND COSTS

16.1. REVENUES FROM SALES

Item	01.01-31.12.2018	01.01-31.12.2017
Revenues from sales of products	782 194	543 732
Revenues from sales of services	16 080	9 614
Revenues from sales of goods and materials	38 760	25 646
Sales revenues	**837 034**	**578 992**

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16.2. COSTS BY TYPE

Item	01.01-31.12.2018	01.01-31.12.2017
Cost of goods and materials sold	37 583	25 280
Remuneration	35 975	20 134
Depreciation	7 897	5 902
Employee benefits	8 898	4 547
Consumption of materials and energy	278 320	138 830
Outsourced services	468 713	297 726
Taxes and fees	2 590	1 496
Other costs by type	9 470	5 761
Costs by type	849 448	499 675
Administrative expenses	-19 038	-10 881
Selling costs	-27 889	-26 393
Own work capitalized	-8 031	-10 760
Movements in the balance of products	-50 783	39 629
Own selling cost	**743 708**	**491 271**

16.3. OWN SELLING COST

Item	01.01-31.12.2018	01.01-31.12.2017
Cost of product sold	699 413	464 862
Cost of services sold	6 711	1 129
Cost of goods and materials sold	37 583	25 280
Own selling cost	**743 708**	**491 271**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

16.4. OTHER OPERATING REVENUES

Item	01.01-31.12.2018	01.01-31.12.2017
Profit on disposal of non-financial fixed assets	217	568
Re-invoices	0	0
Pricing of investment properties to its fair value	19 970	0
Release of provisions	0	0
Fines and compensations	1 976	1 107
Grants	515	618
Overdue liabilities	0	0
Scrap yield	0	0
Bonus from turnover	0	0
Surplus stock	1 323	472
Other titles	1 856	233
Write-offs for inventories reversal in period (-)	570	33
Impairment write downs on receivables reversal in period (-)	560	615
Other operating revenues	**26 987**	**3 648**

16.5. OTHER OPERATING COSTS

Item	01.01-31.12.2018	01.01-31.12.2017
Write-offs for inventories creation in period	369	821
Pricing of investment properties to its fair value	163	100
Establishment of provisions	7 378	2 657
Cost related to acquisition of subsidiaries	832	0
Cost of defects repairs and scrap page	107	3
Donations	1 817	448
Bonus from turnover	0	0
Inventory deficits	0	0
Receivables	222	0
Contractual penalties	0	0
Other titles	2 452	955
Property damage	19	99
Court litigation costs	0	0
Re-invoicing costs	0	0
Compensations	262	239
Impairment write downs on receivables creation in period	7 513	1 690
Loss on disposal of non-financial fixed assets	0	0
Other operating costs	**21 133**	**7 012**

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17. FINANCIAL REVENUES AND EXPENSES

17.1. FINANCIAL REVENUES

Item	01.01-31.12.2018	01.01-31.12.2017
Interests	274	223
Profit from sale of financial assets	0	0
Dividends	13	0
Reversal of write-offs	0	0
Other financial revenues	0	0
Surplus of positive exchange differences over the negative ones	0	0
Financial revenues	**287**	**223**

17.2. FINANCIAL EXPENSES

Item	01.01-31.12.2018	01.01-31.12.2017
Other financial costs	0	0
Interests	6 775	5 925
Write-offs	0	0
Loss from sale of financial assets	0	0
Surplus of negative exchange differences over the positive ones	548	105
Financial expenses	**7 323**	**6 030**

18. INCOME TAX

18.1. INCOME TAX

Item	01.01-31.12.2018	01.01-31.12.2017
Current income tax	1 951	11 555
Deferred income tax	9 334	-3 258
Income tax	**11 285**	**8 297**

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18.2. EFFECTIVE TAXATION RATE

Item	01.01-31.12.2018	01.01-31.12.2017
Current income tax for previous periods included in financial result	0	-36
Profit (loss) before tax	**45 217**	**41 623**
Probable income tax	8 560	7 971
Fees for PFRON	54	21
Dividends	0	0
Representation costs	120	77
Costs of penalties and mandates	2	2
Other costs	2 555	349
Reconciliation for differences that are not tax-deductible	2 730	448
Income tax not included in the asset and reserve for deferred income tax	-2	-70
Deduction of income tax	-4	-16
Income tax recognized in financial result	**11 285**	**8 297**

19. DEFERRED INCOME TAX

19.1. DEFERRED INCOME TAX

Item	01.01-31.12.2018	01.01-31.12.2017
Assets and provisions due to deferred income tax per balance at the beginning of the period	-46	124
Other comprehensive income (+/-)	0	0
Settlement of a business combination	0	3 163
Financial result (+/-)	9 377	-3 258
Other (including net exchange differences on translation)	-34	16
Assets and provisions due to deferred income tax per balance at the end of the period	9 298	45
Assets due to deferred income tax	7 523	4 875
Deferred income tax	16 821	4 830

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19.2. DEFERRED INCOME TAX ASSETS IN REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Total
Other titles as a basis for establishment of assets for deferred income tax	1 811	2 613	0	4 424
Other liabilities	0	0	0	0
Pricing of liabilities in revised purchase price	144	357	0	501
Assets write-offs	1 088	544	0	1 632
Provisions for employee benefits	12	11	0	23
Other provisions	1 820	-878	0	942
Deferred income tax assets	**4 875**	**2 647**	**0**	**7 523**

19.3 DEFERRED INCOME TAX ASSETS IN PREVIOUS REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Total
Other titles as a basis for establishment of assets for deferred income tax	113	1 698	0	1 811
Other liabilities	0	0	0	0
Pricing of liabilities in revised purchase price	111	32	0	144
Assets write-offs	759	329	0	1 088
Provisions for employee benefits	9	3	0	12
Other provisions	307	1 513	0	1 820
Deferred income tax assets	**1 300**	**3 575**	**0**	**4 875**

19.4. DEFERRED INCOME TAX PROVISIONS IN REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of combination	Total
Deferred tax from pricing of investment property	3 552	2 474	0	0	6 026
Depreciation of fixed assets	688	133	0	0	820
Trade receivables	219	-219	0	0	0
Construction contracts	0	7 601	0	0	7 601
Other titles as a basis for establishment of assets for deferred income tax	282	1 614	0	0	1 896
Pricing of liabilities in revised purchase price	89	388	0	0	477
Overestimation of financial assets (positive differences)	0	0	0	0	0
Deferred income tax provisions	**4 830**	**11 990**	**0**	**0**	**16 821**

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19.5. DEFERRED INCOME TAX PROVISIONS IN PREVIOUS REPORTING PERIOD

Item	Balance at the beginning of period	Financial result	Other comprehensive income	settlement of combination	Total
Deferred tax from pricing of investment property	60	329	0	3 163	3 552
Depreciation of fixed assets	678	10	0	0	688
Trade receivables	242	-22	0	0	219
Construction contracts	332	-332	0	0	0
Other titles as a basis for establishment of assets for deferred income tax	-12	294	0	0	282
Pricing of liabilities in revised purchase price	123	-34	0	0	89
Overestimation of financial assets (positive differences)	0	0	0	0	0
Deferred income tax provisions	**1 424**	**244**	**0**	**3 163**	**4 830**

20. FINANCIAL DOCUMENTS

20.1. FINANCIAL INSTRUMENTS – ASSETS

Item	31.12.2018	31.12.2017
Long-term receivables	1 875	3 912
Trade and other receivables	233 464	113 965
Receivables due to contracts with clients net	186 117	70 721
Receivables due to dividend – short-term	0	0
Receivables evaluated at nominal value	235 340	117 877
Loans and receivables	2 499	1 260
Stocks and shares in subsidiaries	3 732	0
Stocks and shares in affiliates and jointly controlled entities	0	0
Assets evaluated at fair value through financial result	0	0
Cash and cash equivalents	65 957	29 738
Financial assets available for sale	0	0
Financial assets held to maturity	0	0
Financial assets	**307 528**	**148 875**

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20.2. FINANCIAL INSTRUMENTS - LIABILITIES

Item	31.12.2018	31.12.2017
Liabilities evaluated at depreciated cost	281 616	157 315
Liabilities evaluated at fair value through financial result	0	0
Liabilities evaluated at nominal value	389 781	204 249
Financial liabilities	**671 397**	**361 564**

21. RISKS OF FINANCIAL INSTRUMENTS

21.1. EXPOSURE ON FX RISK IN REPORTING PERIOD

Item	PLN	EUR	Other	Total
Loans and own receivables (valued in the APP)	3 643	0	0	3 643
Trade receivables and other financial receivables	334 343	62 878	2	397 223
Other financial assets	179 702	0	0	179 702
Cash and cash equivalents	53 581	2 175	0	55 756
Derivatives	0	0	0	0
Financial assets (+):	**571 269**	**65 053**	**2**	**636 324**
Loans, borrowings and other debt instruments	282 760	0	0	282 760
Financial lease	4 506	11 948	0	16 454
Trade liabilities and other financial liabilities	540 828	11 869	243	552 940
Derivatives	0	0	0	0
Financial liabilities (-):	**828 095**	**23 817**	**243**	**852 154**

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21.2. EXPOSURE ON FX RISK IN PREVIOUS REPORTING PERIOD

Item	PLN	EUR	Other	Total
Loans and own receivables (valued in the APP)	1 260	0	0	1 260
Trade receivables and other financial receivables	108 147	9 730	0	117 877
Other financial assets	0	0	0	0
Cash and cash equivalents	19 315	10 421	2	29 738
Derivatives	0	0	0	0
Financial assets (+):	**128 722**	**20 151**	**2**	**148 875**
Loans, borrowings and other debt instruments	157 392	0	0	157 392
Financial lease	1 799	9 597	0	11 397
Trade liabilities and other financial liabilities	274 022	16 384	143	290 549
Derivatives	0	0	0	0
Financial liabilities (-):	**433 213**	**25 981**	**143**	**459 338**

21.3. EXPOSURE ON INTEREST RATE RISK IN REPORTING PERIOD

Item	Variable interest rate	Fixed interest rate	Total
Long-term financial liabilities (evaluated in APP)	214 529	8 345	222 874
Short-term financial liabilities (evaluated in APP)	68 795	0	68 795
Loans and own receivables (evaluated in APP)	2 499	0	2 499

21.4. EXPOSURE ON INTEREST RATE RISK IN PREVIOUS REPORTING PERIOD

Item	Variable interest rate	Fixed interest rate	Total
Long-term financial liabilities (evaluated in APP)	85 539	0	85 539
Short-term financial liabilities (evaluated in APP)	71 776	0	71 776
Loans and own receivables (evaluated in APP)	1 260	0	1 260

In the activity of DEKPOL Capital Group important are the following types of financial risks:

- interest rate risk – while operating on the market, the Group is exposed to interest rate risk. The Group has financial liabilities, whose financial cost is calculated based on the underlying variable interest rate WIBOR and a fixed margin. Increasing the base rate by 0.5 percentage point, would increase financial expenses for the year 2018 by 1 412 thousand PLN, assuming that the balance of liabilities with a fixed interest rate remains unchanged throughout the year.

- foreign exchange risk and the risk of changes in raw material prices – due to the further increase in the scale of operations in foreign currencies, the Company is exposed to currency risk arising from transactions. Such risk arises as a result of the Unit's sale or purchases in currencies other than the domestic currency. If, as at 31/12/2018, the EUR exchange rate was higher or lower by 3%, then the Company's net result would be higher or lower by 8 392 thousand PLN and financial liabilities higher or lower by PLN 3 072 thousand PLN - as a result of negative or positive exchange rate differences resulting from the conversion of receivables, granted loans, cash funds accumulated on bank accounts and trade liabilities. In order to limit the risk of exchange rate fluctuations, in the foreign exchange settlements related to export sales and imports, the Company uses natural hedging to a large extent, which results in the balance of foreign currency flows. During the short-term and determinable imbalance in currency flows, the Company will use currency derivatives to hedge future cash flows in an unrealistic way.
- credit risk - the possible economic crisis may cause financial instability of the Company's customers and hence periodic impediments to the recovery and the formation of payment gridlock. The Company minimizes credit risk through diversification of the portfolio of customers and consistent using of procedures for monitoring and collection of overdue receivables. Receivables are diversified, as at the balance sheet date there is no contractor from whom the balance of receivables would account for more than 10% of total receivables balance.
- Liquidity risk - the Company manages liquidity risk by financial planning, operational activities in order to be completely matched and by the surplus of available financing sources over the current needs of the Company. Relevant data on the maturity dates of financial assets and financial liabilities are presented in the previous part of the report.
- The Company has no hedging instruments designated financial risks and does not apply hedge accounting. The company aims to minimize these risks by using ongoing monitoring of specific risk areas through the implemented control procedures and regular analysis of risk exposure.

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22. OPERATING SEGMENTS

22.1. REVENUES, RESULT AND OTHER IN REPORTING PERIOD

Item	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	551 984	160 573	73 205	51 271	0	837 034
Other operating revenues	0	0	0	26 987	0	26 987
Other operating expenses	0	0	0	21 133	0	21 133
Operating expenses in total	515 516	148 046	65 564	61 509	0	790 635
Operating result	**36 468**	**12 528**	**7 641**	**-4 384**	**0**	**52 253**
Financial revenues	**0**	**0**	**0**	**287**	**0**	**287**
Financial expenses	**0**	**0**	**0**	**7 323**	**0**	**7 323**
Income tax	**0**	**0**	**0**	**11 285**	**0**	**11 285**
Net result	**36 468**	**12 528**	**7 641**	**-22 705**	**0**	**33 932**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

22.2. REVENUES, RESULT AND OTHER IN PREVIOUS REPORTING PERIOD

Item	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	292 863	199 843	51 590	34 696	0	578 992
Other operating revenues	0	0	0	3 648	0	3 648
Other operating expenses	1 199	0	0	5 714	0	6 912
Operating expenses in total	268 700	170 176	45 911	43 858	0	528 644
Operating result	**22 964**	**29 667**	**5 679**	**-11 228**	**0**	**47 083**
Financial revenues	**0**	**0**	**0**	**226**	**0**	**226**
Financial expenses	**0**	**0**	**1**	**6 032**	**0**	**6 033**
Income tax	**0**	**0**	**0**	**8 297**	**0**	**8 297**
Net result	**22 964**	**29 667**	**5 679**	**-25 332**	**0**	**32 979**

Consolidated Financial Statement of the DEKPOL S.A. for the period 01.01.2018 till 31.12.2018 (data in thousand PLN)

22.3. GEOGRAPHICAL STRUCTURE

Item	31.12.2018	31.12.2017
Poland	759 509	538 999
European Union	71 487	35 946
Other countries	6 037	4 047
Sales revenues	**837 034**	**578 992**
Poland	882 237	549 581
European Union	307	1 300
Other countries	2	0
Assets	**882 546**	**550 881**

23. CONSTRUCTION SERVICES

23.1. AGREEMENTS ON CONSTRUCTION SERVICES

Item	31.12.2018	31.12.2017
Revenues from construction contracts recognized in the period	551 984	298 278
The costs of construction contracts incurred during the period	515 516	269 764
Costs due to loss provisions	3 305	1 199
Result set in agreements on construction services in a period	**39 774**	**29 712**
Bail stopped by contractors	**18 154**	**20 733**
Advances received for construction contracts	**11 500**	**0**
Receivables from construction contracts	**48 493**	**0**
Liabilities due to construction contracts	**0**	**91**

24. CASH RECONCILIATION

24.1 Explanation of differences between balance changes and values presented in cash flow statement (CFS)	**For period ended 31.12.2018**	**For period ended 31.12.2017**
Balance change of provisions	**16 703**	**11 339**
provision for deferred tax	16 821	(3063)
change in provisions in subsidiaries	(118)	(182)

24.1 Explanation of differences between balance changes and values presented in cash flow statement (CFS)	**For period ended 31.12.2018**	**For period ended 31.12.2017**

Change of provisions in (CFS)	**16 703**	**8 174**
Balance change of inventories	**(98 266)**	**(29 455)**
Interests from bonds increasing cost of premises construction	6 424	759
Transfer of land to construction expenditures	3 764	1 510
Exclusion of margin on in-kind contributions		772
Change of inventories in (CFS)	**(88 078)**	**(26 414)**
Balance change of receivables	**(164 589)**	**(17 633)**
Settlements regarding fixed assets	0	(300)
Change in receivables in subsidiaries	0	1 336
Receivables of a subsidiary	0	101
Change of receivables in (CFS)	**(164 589)**	**(28 638)**
Balance sheet change in short-term liabilities, excluding financial liabilities	**153 566**	**29 221**
Initial value of lease agreements		8 390
Value of settled liabilities from purchase of fixed assets	(6655)	(250)
Change in liabilities and investment receivables		(10 129)
Change in liabilities in subsidiaries	(506)	(4 508)
Income tax paid	(8100)	(3089)
Change in short-term liabilities, except for financial liabilities in (CFS)	**138 305**	**19 635**
Balance change of deferred charges	**(5 590)**	**(2 884)**
grants	-	-
Change of deferred charges in CFS	**(5 590)**	**(2 884)**

25. TRANSACTIONS WITH AFFILIATES

25.1. BENEFITS FOR MANAGERIAL STAFF

Item	31.12.2018	31.12.2017
Short-term employee benefits	1 842	1 588
Benefits from termination of work agreements	0	0
Payments in form of own shares	0	0
Other benefits	0	0
Benefits for managerial staff	**1 842**	**1 588**

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25.2. TRANSACTIONS AND BALANCES WITH AFFILIATES IN REPORTING PERIOD

Item	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Net sales (without VAT)	0	0	0	22	22
Revenue from interest	0	0	0	0	0
Net purchases (without VAT)	0	0	0	1 912	1 912
Cost of interest	0	0	0	418	418
Loans received	0	0	0	0	0
Loans granted	0	0	0	0	0
Short-term receivables	0	0	0	0	0
Long-term receivables	0	0	0	0	0
Short-term liabilities	0	0	0	8 129	8 129
Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	7 611	7 611
Total	**0**	**0**	**0**	**18 092**	**18 092**

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25.3. TRANSACTIONS AND BALANCES WITH AFFILIATES IN PREVIOUS REPORTING PERIOD

Item	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Net sales (without VAT)	0	0	0	0	0
Revenue from interest	0	0	0	0	0
Net purchases (without VAT)	0	0	0	1 562	1 562
Cost of interest	0	0	0	457	457
Loans received	0	0	0	6 530	6 530
Loans granted	0	0	0	0	0
Short-term receivables	0	0	0	1	1
Long-term receivables	0	0	0	0	0
Short-term liabilities	0	0	0	1 127	1 127
Long-term liabilities	0	0	0	0	0
Dividends granted	0	0	0	0	0
Dividends paid	0	0	0	3 419	3 419
Total	**0**	**0**	**0**	**13 096**	**13 096**

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26. OTHER INFORMATION

26.1. AVERAGE NUMBER OF FTE'S

Item	31.12.2018	31.12.2017
White-collar employees	220	143
Blue-collar employees	159	117
Average number of FTE's	**379**	**260**

Other companies from the Dekpol Capital Group:

Betpref Sp. z o.o. – 22 FTE's.

26.2. AUDITOR'S REMUNERATION

Item	31.12.2018	31.12.2017
Audit of annual financial statements	84	40
Review of financial statements	20	20
Tax advisory	0	0
Other services	0	0
Auditor's remuneration in total	**104**	**60**

27. EVENTS AFTER BALANCE SHEET DATE

Bonds F series

On 6th of March 2019 the Company concluded an annex to the agreement on the series F bonds issue program with the investment funds Pekao Fundusz Inwestycyjny Otwarty and Pekao Obligacji - Dynamiczna Alokacja Fundusz Inwestycyjny ("Annex", "Agreement", "Funds" respectively). Until the conclusion of the Annex, DEKPOL issued Series F bonds with a total nominal value of PLN 47 million (series F1-F4 bonds). According to the Agreement, there were remained to issue series F bonds with a total nominal value of PLN 33 million (series F5-F7 bonds). Due to very good sales results of premises under the "Grano Residence" project in Gdańsk ("Investment"), for which funds were obtained from the issue of F series bonds, it was decided in the Annex that F5-F7 bonds will not be issued by the Company. In exchange, the Dekpol Capital Group will be authorized and obliged to use the funds from the sale of premises under the Investment in the amount corresponding to the total nominal value of F5-F7 series bonds exclusively for the Investment, while the proceeds from the sale in excess of this amount will be required to redeem the Series Bonds F1-F4.

Separation of the property development activity

In February 2017, the decision was made to change the management principles of the Company, the aim of which was to implement a management system tailored to the growing scale of the Company's operations and its individual segments, structure expansion as well as further development plans and relevant changes in the composition of the Company's Management Board (current report no. 11/2017 of 21st of February 2017). The change in the management rules of the Company was aimed at improving supervisory and control processes as well as improving the flow of information. The new management structure was to enable the future separation of individual segments of the Company's operations as organized parts of the company and the division of the Company, however, at that time no binding decisions in this respect were taken and the Management Board considered various options and further development of the Company in the future.

In 2018, the decision was made to separate the first segment of the Company's operations, i.e. property development activities. This activity was transferred in the form of an organized part of the enterprise to a subsidiary, Dekpol Deweloper sp. z o.o.

On 5th of September 2018 the Supervisory Board of the Company approved the establishment by the Company of a branch under which the development activity of the Company will be carried out (Organized Part of the Enterprise, "OPE") and for establishing and taking up by the Company shares in the company with limited liability for the purposes of the future contribution of the OPE.

On 19th of November 2018 the Management Board of the Company decided to resign from the intention to establish a branch within which the property development activity was to be carried out due to its non-target nature. The resignation from the branch did not affect the basic assumptions of the reorganization process and the planned transfer of the organized part of the Company's enterprise including the development activity ("OPC") to a subsidiary limited liability company. The Management Board of the Company has also decided to convene on 17th of December 2018 the Extraordinary General Meeting of the Company ("EGM"), on which i.a. a resolution was put to vote and adopted a resolution regarding the consent to the sale of the Company's OPC by the Company through its contribution as a non-cash contribution to a subsidiary Dekpol Deweloper Sp. z o.o..

On 31st of December 2018 Dekpol S.A. concluded with a subsidiary of the Issuer, i.e. Dekpol Deweloper Sp. z o.o. ("Dekpol Deweloper") a contract for the Company to transfer to Dekpol Deweloper an organized part of an enterprise which is an organizationally, financially and functionally separated organizational structure of the company, a complex of tangible and intangible assets constituting the Development Department, used to run and service the property development activity of the Company and entities of Dekpol Capital Group ("OPE"), including the preparation and implementation of property development projects, sales of real estate, design and implementation of finishing works as well as after-sales service.

The OPE includes, among others fixed assets, equipment, inventories, real estate, receivables and liabilities, rights and obligations resulting from agreements, property rights in the form of shares in companies Dekpol Inwestycje Sp. z o.o., Dekpol Pszenna Sp. z o.o., Smartex Sp. z o.o., Nordic Milan Sp. z o.o. and all the rights and obligations of a partner (limited partner) in companies Dekpol Pszenna Sp. z o.o. sp.k., Dekpol Inwestycje Sp. z o.o. Rokitki sp.k., Dekpol Inwestycje Sp. z o.o. Development sp.k., Dekpol Inwestycje Sp. z o.o. Pastelowa sp.k., Dekpol Inwestycje Sp. z o.o. Braniborska sp.k., Dekpol Inwestycje Sp. z o.o. Myśliwska sp.k., Dekpol Inwestycje Sp. z o.o. Osiedle Zielone sp.k., Dekpol Inwestycje Sp. z o.o. Grano Resort sp.k., Dekpol Inwestycje Sp. z o.o. Sol Marina sp.k., Dekpol Inwestycje Sp. z o.o. Sobieszewo Development sp.k., Dekpol Inwestycje Sp. z o.o. WBH sp.k.

The OPE was transferred as a contribution in kind to cover the share capital due to the fact that on 31st of December 2018 the Company acquired 2,700,000 new shares in Dekpol Deweloper with a total nominal value of PLN 135 million. Pursuant to the concluded agreement, the transfer and release of OPE took place on 1st of January 2019, subject to the ownership of the real estate, which - due to art. 157 of the Civil Code - it was transferred on 2nd of January 2019.

The legal status of the transaction described above applies from1st of January 2019.

The transfer of property development activity to a subsidiary will increase organizational and financial transparency within the Capital Group, while limiting business and legal risk.

About the above the Company informed about in current reports no. 63/2018 of 5th of September 2018, No. 75/2018 of 19th of November 2018, No. 83/2018 of 17th of December 2018 and 89/2018 as of 31st of December 2018.

The Management Board of the Company does not rule out further reorganization of the Company, however, as at the date of publication of these financial statements, no decisions were made in this regard.

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28. LIABILITIES AND CONDITIONAL ASSETS

28.1. SPECIFICATION OF LIABILITIES AND CONDITIONAL ASSETS

Item	31.12.2018	31.12.2017
Conditional liabilities towards affiliates - guarantees of satisfactory performance of contracts	0	0
Conditional liabilities towards affiliates – guarantees and sureties of repayment of financial liabilities	0	0
Other conditional liabilities	0	0
Conditional liabilities towards affiliates	0	0
Granted guarantees of satisfactory performance of contracts - insurance	28 854	28 205
Granted guarantees of satisfactory performance of contracts - banking	38 484	19 082
Granted guarantees and sureties of repayment of financial liabilities	0	0
Court litigations	0	0
Other conditional liabilities	0	0
Conditional liabilities towards non-affiliates	67 338	47 287
Conditional liabilities	**67 338**	**47 287**
Received guarantees of satisfactory performance of contracts from affiliates	0	0
Received guarantees and sureties of repayment of liabilities from affiliates	0	0
Other conditional assets	0	0
Conditional assets from affiliates	0	0
Received guarantees of satisfactory performance of contracts from non-affiliates - insurance	2 076	1 747
Received guarantees of satisfactory performance of contracts from non-affiliates - banking	3 275	1 478
Received guarantees and sureties of repayment of liabilities from non-affiliates	0	0
Conditional receivables - Court litigations	0	0
Other conditional assets from non-affiliates	0	0
Conditional assets from non-affiliates	5 352	3 225
Conditional assets	**5 352**	**3 225**

The Group grants also guarantee on performed works. Largely, the responsibility from this title rests on subcontractors. It has also been established a provision for predicted costs of guarantee repairs, which will last the Group.

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29. EARNINGS PER SHARE

Item	01.01-31.12.2018	01.01-31.12.2017
Net profit (loss) attributable to shareholders of parent entity	34 764	32 979
Weighted average number of ordinary shares (w thousands)	8 363	8 363
Major earning per share (in PLN)	**4,15**	**3,94**
Net profit (loss) attributable to shareholders of parent entity	34 764	32 979
Weighted diluted average number of ordinary shares (w thousands)	8 363	8 363
Diluted learning per share (in PLN)	**4,15**	**3,94**
Net profit (loss) from continued operations attributable to shareholders of parent entity	4,15	3,94
Weighted diluted average number of ordinary shares (w thousands)	8 363	8 363
Major earning per share from continued operations (in PLN)	**4,15**	**3,94**
Net profit (loss) from continued operations attributable to shareholders of parent entity	0	0
Weighted average number of ordinary shares (w thousands)	0	0
Diluted earnings per share in PLN from continued operations	**0**	**0**

30. CONSTRUCTION SERVICES

Agreements for construction services - active contracts cumulatively until the balance sheet date

Assets under construction contracts	**01.01. - 31.12.2018**	**01.01. - 31.12.2017**
Balance as at beginning of period	16 075	10 460
Impairment loss	0	0
Measurement adjustments	0	0
Transfer to receivables (invoicing)	-16 075	-10 460
Valuation at the end of the period	48 493	16 075
Balance as at end of period	48 493	16 075

Liabilities due to construction contracts	**01.01. - 31.12.2018**	**01.01. - 31.12.2017**
Balance as at beginning of period	184	0
Measurement adjustments	0	0
Transfer to revenues (execution)	-184	0
Valuation at the end of the period	0	184
Balance as at end of period	0	184

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Other liabilities from contracts with clients	01.01. - 31.12.2018	01.01. - 31.12.2017
Balance as at beginning of period	68 688	93 741
Advances paid	214 109	174 636
Transfer to revenues (execution)	-152 588	-199 689
Valuation at the end of the period	0	0
Balance as at end of period	129 989	68 688

The total transaction price assigned to benefits that have not been met	01.01. - 31.12.2018	01.01. - 31.12.2017
Contracts for construction services	365 351	233 248
Sale of premises	474 139	84 357
Other	0	0

The company estimates that all contracts concluded in 2017-2018 will be settled by 2019 at the latest.

31. AQUISITION OF NORDIC MILAN SP. Z O.O.

On 12th of April 2018, Dekpol S.A. acquired 50% shares in Nordic Milan Sp. z o.o. for a price that does not constitute a significant value from the perspective of financial results of Dekpol S.A. In June 2018, a preliminary agreement was signed regarding the acquisition of the remaining 50% of shares under a number of pre-determined conditions in the preliminary agreement. On 5th of October 2018, Dekpol S.A. has concluded with Eco Milan Sp. z o.o. the purchase agreement for the remaining 50% shares in Nordic Milan Sp. z o.o. Purchase price of the above shares did not constitute a significant value from the perspective of the Issuer's financial results. As a result of concluding the above mentioned agreement and transferring ownership of the shares, the Issuer holds 100% shares in Nordic Milan. Nordic Milan Sp. z o.o. owns a land property with an area of 1.06 ha in Milanówek, where a property development project is carried out, including the construction of four multi-family buildings in an organized property development complex with underground garages and the necessary infrastructure. As a result of the acquisition, goodwill was not recognized - Nordic Milan Sp. z o.o. is a special purpose company implementing a property development project, the entire value of the purchase price paid was assigned to the adopted assets. For prudential reasons, the loss incurred in 2018 Nordic Milan Sp. z o.o. was fully taken into account in the consolidated financial results of the Capital Group. The acquisition price is PLN 2,900,000 PLN.

Signatures of all Members of the Management Board:

Mariusz Tuchlin - President of the Management Board

Michał Skowron – Vice-President of the Management Board

Andrzej Kuchtyk – Member of the Management Board

Rafał Dietrich – Member of the Management Board

Signature of person responsible for bookkeeping:

Anna Miksza - Chief Accountant Officer